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FRIDAY, MARCH 14, 1958.

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COMMENT OF THE DAY

INDONESIA'S PAPER WAR

THE "civil war" in Sumatra must be expected to remain for some time to come within those curious limits with which the "Tuchun wars" in China made the world, and especially closer spectators, familiar after the First World War. There was then a minimum of bloodshed, a plethora of "war" communiques, and a maximum of mendacity. The wars were then fought and won by industrious young scribes with much imagination and no respect whatever for the truth.

A more serious aspect may come later, for from decisions of limited range often spring events of far greater moment. The refusal of President Sukarno and his friends to accept the position taken by Dr Hatta and his supporters—which they were perfectly entitled to do—and to send troops into action, take this rank. The effect may be little for the moment, and before long the rebel troops may be operating from the jungle or have thrown up the sponge.

Propaganda Line

FOR the present the world must expect to receive a stream of propaganda from the Indonesian Government spokesmen covering up their resort to armed force with daily assertions of foreign intervention. Arms will be reported descending daily from the skies all over Central Sumatra. There will be no details as to where these mysterious aircraft came from, whether they took off from Calcutta, Rangoon, Singapore, Manila, or any other field.

There is always the possibility that people who make these statements may be called to account for it through the creation of a UN investigation Commission so it is best not to go too far in making assertions that can be controverted. It is sufficient to make them in order that they may be broadcast and embroidered all over the air by Moscow and Peking.

From the rebels we may expect also assurances not so much of foreign intervention and aid, but of enforcement and sympathy from a variety of other racial or geographical groups in the archipelago. The name and fame of the Achinese are things to conjure with. They will come in—so the rebel leaders already say—with 200,000 fierce and furious fighters of the sort who kept the Dutch at bay for decades and whose little independent State actually entered into Treaty relations with Britain long before Hongkong was ever heard of. And when they come in so will the Christian and other groups in Sumatra. So runs the tale already.

Technique

THE Indonesians have their own singular way of doing things—always by halves and never with out-right fanaticism except perhaps in the case of the Dar Islam movement, which has never had the remotest claims to be a national affair. In Cairo the industrious clerks of the Omani Pretender write a piece every day—out of whole cloth. Cairo Radio sends it round the world and somehow or other one or two of them always manage to get into print. The same sort of thing may be expected for some time in Indonesia. But there are political and economic problems that simply have to be solved. And if they are not there will be real civil war and perhaps real intervention, for in that area of the world where Sumatra is only a stone's throw from Malaya there must be a care. But the time has not come for mediation even by such a close friend and neighbour, let alone a move by the UN.

WEST SUFFERS SEVERE REVERSES

Hongkong Bank Chairman Presents Review At Annual Meeting

"There is no disguising the fact that the West, and the United States in particular, have suffered a severe political reverse due to the strategic consequences of the Russian advances in technology," said Mr C. Blaker, Chairman of the Hongkong and Shanghai Banking Corporation, in his review of the year at the Annual General Meeting this morning. Mr Blaker added: "It would seem doubtful whether the present policies will meet this changed situation and the demand for a more positive approach to break the deadlock seems likely to gain in intensity."

Dealing with Asia, Mr Blaker said that it would be unwise to be complacent at a state of affairs with so many explosive possibilities.

Mr Blaker also said that Hongkong had been fortunate in recent years in the inflow of capital, much of which had been used for new industries, but he added that it would be "unwise to rely on this continuing indefinitely."

The text of the Chairman's review follows:

During the past year there was very little improvement in international relations throughout the world. The outstanding problems in the Middle East seemed no nearer solution and in spite of discussions on disarmament and proposals for high level talks, the main issues between the two sides still remained unresolved. In the scientific field, on the other hand, there were two remarkable developments which seem likely to have a major influence on the future progress of the human race—the launching of the Russian earth satellites and the first steps in the control of thermonuclear reactions. Although the latter may prove, in the long run, to be the more important, the immediate impact of the former was very much greater, showing as it did the lead that Russia has now gained in intercontinental missiles. There is no disguising the fact that the West, and the United States in particular, have suffered a severe political reverse due to the strategic consequences of the Russian advances in technology. It would seem doubtful whether the present policies will meet this changed situation and the demand for more positive approaches to break the deadlock seems likely to gain in intensity.

Picture

The economic picture has been somewhat mixed and it is not clear whether in 1958 the danger most to be guarded against is rising costs or falling production. In fact the inflationary tendencies that have been so much a feature of the postwar era are still growing or whether a period of deflation is about to set in. Whatever the situation, may hold the present cost of manufactured goods and a considerable drop in commodity prices, has pressed heavily on the balance of payments of the Eastern countries in which we operate and this must inevitably slow up their progress. The heavy cost of modern industrial development has intensified the world capital shortage and this, coupled with an overall fall in the dollar value, has resulted in a growing use being made of drawing facilities member countries enjoy with the International Monetary Fund. During the year many currencies suffered a period of considerable strain and in Europe the problem was aggravated by the strength of the Deutsche Mark, the weakness of the French Franc and the rise in wages and prices in the United Kingdom. Sterling once again had to bear the brunt of the speculative pressure, and in September the bank

rate was raised to 7%, the highest since 1921, with restrictions on both bank advances and expenditure by local authorities. These measures halted the drain on the sterling area reserves and as a result the short-term position has greatly improved, but judgment must be deferred as to whether or not the overriding problem of keeping British costs in line with those of her competitors has been solved.

Recurring

These recurring currency crises have evoked serious consideration as to whether it is advantageous to the United Kingdom to maintain sterling as an international currency. Those who argue against have drawn support from the fact that the drain last year took place at a time when the country was paying its way, and various estimates have been made to show that the foreign exchange earnings of the City are much less than the amount generally supposed. While this is not the place to enter into this interesting discussion, I should like to say this, that from the point of view of a bank such as ours, mainly concerned with the financing of international trade, any suggestion that sterling should be abandoned is not only viewed with apprehension. Notwithstanding periods of distrust from time to time in recent years, no currency has yet been found able to take the place of sterling and it is difficult to see how the multitude of transactions which make up our particular business could be cleared without the facilities sterling and the City of London provide. This applies also to other parts of the world and a return to bilateralism, with all the frustrations this would involve, would seem to be the inevitable result of any serious limitation in the use of these facilities.

The common market, composed of France, Western Germany, Italy and the Benelux countries, officially came into being on 1st January 1958 but the wider free trade area, which is to be established around these countries and which is intended to comprise most of Europe as well, has still many bridges to cross. Progress seems likely to be slow, as, although there is a growing agreement on the general advantages of such an area, when negotiation turns to particular problems the extent of the difficulties is revealed.

Asia

The political situation in the Far East shows little outward change. Many outstanding problems still remain unsolved but while it would be unwise to be complacent at a state of affairs with so many explosive possibilities, the fact that local disturbances have not spread gives ground for satisfaction. Deterioration in the

terms of trade, which has resulted in a general fall in the foreign exchange reserves of most countries in the area, is the most disturbing economic feature. Admittedly these difficulties were aggravated by the increasing pace of development but administrative weaknesses in several cases have quickened the trend and have delayed the taking of appropriate action to reverse it. It would be unfair to criticise the various countries concerned unduly, as very few other countries have been free from balance of payment difficulties at one time or another in recent years. Nevertheless it is unfortunate that this state of affairs should have occurred at a time when most of the various development programmes require outside capital, the demand for which throughout the world is so active. Actually the available amounts of capital have been granted to the area during the past year through such media as the International Bank, various United States agencies and the Colombo Plan, but there are signs that these supplies are not unlimited. It would therefore seem to be necessary to attract to a greater extent the flow of private capital but Asian countries should not forget that there is already considerable competition from other areas for which the annual report of the Consultative Committee of the Colombo Plan points out "the advantage of the region in its potentially large and growing markets" but go on to warn that "the attraction of the region, however, can be counterbalanced by such factors as ap-

(Contd. on page 8, col. 1)

LABOUR LEADERS TELL IKE TAX CUT NEEDED

Washington, Mar. 13. AFL-CIO leaders told President Eisenhower today that the administration decision to defer anti-recession tax cut action was "unnecessary and unwise" and would cause more unemployment.

George Meany, AFL-CIO president, said the Federation's Executive Committee told Mr Eisenhower there would be "no sense" in waiting until next month before deciding the tax cut issue.

The Treasury Secretary, Robert Anderson, said after a conference with President Eisenhower yesterday that no tax reduction decision would be made until "the future course of the economy has been clarified."

But Mr Meany and the other AFL-CIO leaders said tax cuts and other anti-recession measures should be put in effect now. He told newsmen every economic indicator suggested that March would show a further decline in the economy.

SHOW CONCERN

Mr Meany described the conference as "very friendly" and said the President "certainly did" show concern over rising unemployment. He said Mr Eisenhower did not offer any suggestions but said he would take the AFL-CIO recommendations under consideration. Today, Mr Meany gave the President a letter urging a five-point programme adopted by

BY-ELECTION DEFEAT FOR TORIES

Glasgow, Mar. 13. THE Labour Party dealt the Conservative Government's prestige a blow here today, capturing its parliamentary seat at Kelvingrove with a small majority. The result, declared tonight, was: Mrs Mary McAllister, Labour, 10,210 votes; Mrs Katharine Elliot, Conservative, 8,850 votes. Mr David Murray, Liberal—Home Ruler, 1,622 votes. Mr William Park, Independent Labour Party, 1,477 votes. Labour majority—1,360 votes.

Figures at the 1955 General Election were: Colonel Walter Elliot, Conservative, 14,854; Mr J. L. Williams, Labour, 11,060. Conservative majority, 2,880. This was the Government's second loss of a seat within five weeks. At Rochdale, Lancashire, last month, it suffered a humiliating defeat, losing to Labour and coming bottom of the poll with about half the votes given to an intervening Liberal.

PRIME ISSUE

Prime issue of the Kelvingrove contest was the Government's new Rent Act, which raises rents and ends security for hundreds of thousands of people. It threatens some of the available amounts of capital from their homes. Conservatives' share of the total votes polled at Kelvingrove tumbled from 55.38 per cent at the 1955 general election to 41.61 per cent.

Mr Hugh Galliskell, Labour Party leader, hailed the result as "a fine victory for Labour, won under conditions that were in some respects most unfavourable. It is a clear call to the government to amend the Rent Act without delay," he added.

State of parties in the House of Commons now becomes: Conservatives and Allies 359; Labour 230; Liberals five; Independents nine; vacant seats two.—Reuter.

MACMILLAN & EISENHOWER TO CONFER

Washington, Mar. 13. Mr Harold Macmillan, the British Prime Minister, will go to Washington for talks with President Eisenhower on June 9 and 10, it was announced here tonight.

Mr Macmillan will have a general discussion on world problems with the President and Mr John Foster Dulles, the American Secretary of State. The British and American leaders are also expected to discuss the question of summit talks with the Russians if a decision has not been reached already on this, according to Mr James Hagerly, the President's Press Secretary.

First Meeting

It will be the first meeting since last October when Mr Macmillan and President Eisenhower produced a joint "declaration of common purpose" on Anglo-American relations and world peace.

Previously they met in Bermuda in March, 1957, when agreement in principle was reached on the establishment of US missile bases in Britain. During his June visit, the Prime Minister will also deliver the commencement address at De Pauw University, Greencastle, Indiana.

Mr James Hagerly said that Mr Macmillan was making the trip to De Pauw because the British Prime Minister's grandfather had been the first medical graduate of that University.

His Decision

It was understood that the Prime Minister's decision to come to Washington had been arrived at in the last two or three days. Usually well-informed sources said that the decision followed direct correspondence between the President and the Prime Minister.

One official source said that the fact that the Prime Minister was returning to Washington so soon after his talks with the President last October should not occasion any surprise. This source said that Mr Macmillan would probably be crossing the Atlantic to confer with the President at fairly regular intervals.

Officials said that the idea of Mr Macmillan going to De Pauw University originated as long ago as September, 1956. Once Mr Macmillan had decided that he could attend the University ceremony this June he immediately informed the President of his intention. They then agreed that the visit would present a good opportunity for them to review world problems once more.—Reuter.

Unemployment In Britain

London, Mar. 13. Unemployment in Britain increased by 30,000 in the first month and a half of 1958, the Ministry of Labour said here today.

Unemployment figures released by the Ministry showed that the figure had gone from 395,000 at the end of 1957 to 425,000 by mid-February. Of the total of 425,000 unemployed and 32,000 were attributed to temporary lay-offs. The figures showed an estimated 1.8 per cent of the total working population unemployed in February against 1.8 per cent in January. The figure for February 1957 was 1.8 per cent also.—United Press.

Bubonic Plague

Saigon, Mar. 13. South Vietnam health authorities were taking emergency measures today in the village of Dien Long, where one child has died and another is critically ill with bubonic plague. It was the first time that bubonic plague has broken out in the region, some 40 miles southeast of Saigon.—France Press.

Cuban Minister Escapes Assassination

Havana, Mar. 13. A top Government official narrowly escaped assassination in Havana this morning.

Raul Menocal, Minister of Commerce until last week's Cabinet shuffle, was unhurt when shot at in his car by an unidentified man, but his secretary Perez Saldivar was wounded.

Menocal was just leaving his residence at the time. Police said his assailant hired a taxi at the corner of two streets in Vedado and sat in it until Menocal's car halted for a light. The man then ordered the taxi to start and fired several shots at Menocal's car. He ordered it to stop but the driver refused and the gunman then jumped out of the taxi and raced away. Police threw a cordon around the block and began a house-to-house search.

TERRORISM

Menocal is a politician who has been closely identified with President Batista. He had been an unsuccessful candidate for the mayoralty of Havana in 1946.

In another instance of terrorism Castro sympathisers shot into the new Havana-Hilton hotel which will be opened March 19 and scattered gunfire over the night club, set it afire and escaped, guards put out the flames but damage was estimated at \$25,000.

Havana was outwardly quiet today on the first anniversary of last year's attack on the Presidential Palace in which over forty persons mostly students were killed. However, one person was injured in an attempted demonstration at a requiem mass for the dead at the Sacred Heart Church.—United Press.

Government Reshuffle

New Delhi, Mar. 13. Premier Jawaharlal Nehru tonight announced a Government reshuffle involving a substantial number of Cabinet posts but carrying no profound political significance. The reshuffle, which resulted in the fourth Nehru government since India received its independence, was required by the resignation of Finance Minister, T. T. Krishnamachari and the death of Education Minister, Maulana Azad.

All ministers in the reshuffled government are members of Nehru's Congress Party.—France Press.

CHANCES FOR RATINGS

London, Mar. 13. Promotion for lower deck men in the Royal Navy is to be increased, Mr Robert Allan, Parliamentary Secretary to the Admiralty, said tonight. At present a quarter of the officers come from the lower deck. Mr Allan said details would be announced in a month or two of a new scheme for promotion of ratings picked out as suitable for training and advancement direct to officer rank. He hoped it would start in 1959. The intention was to make it almost parallel with cadet entry through the Dartmouth Naval College, he said.—China Mail Special.

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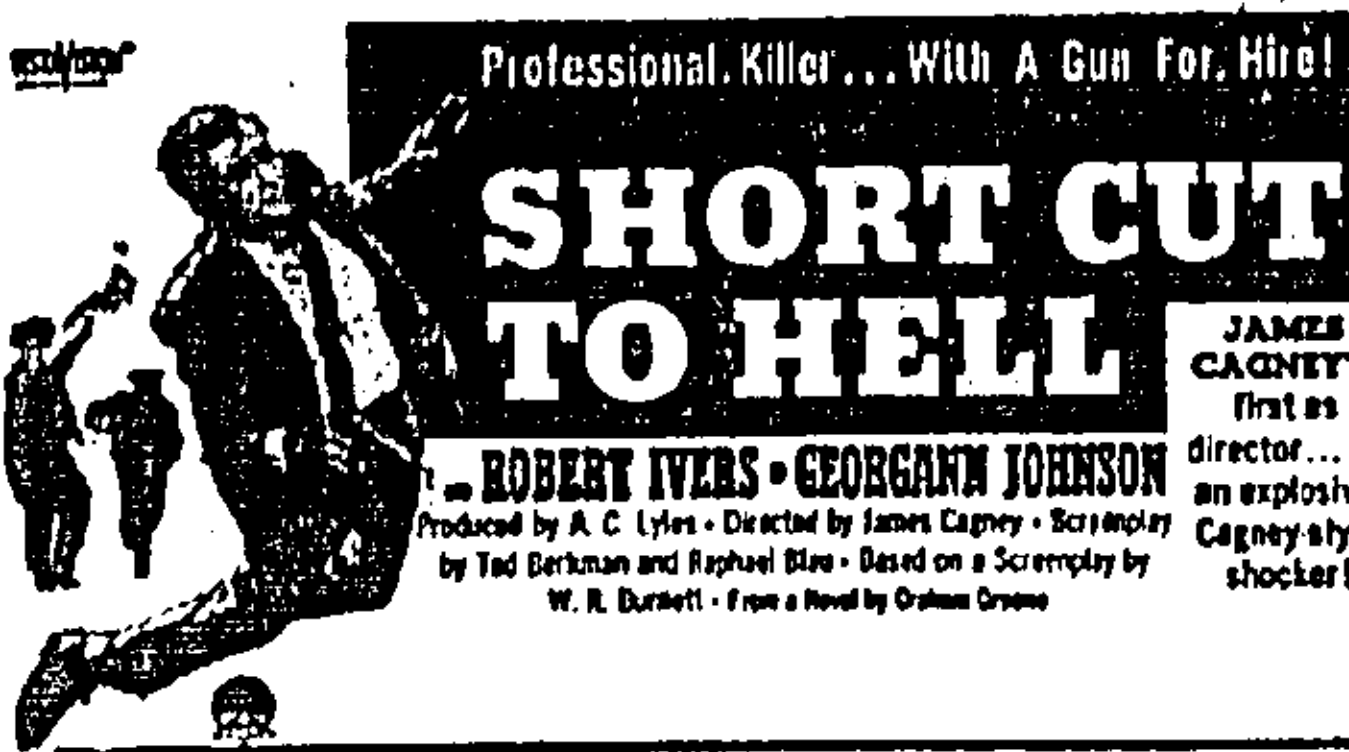
In tomorrow's Weekend China Mail:

- ★ LAST DAYS OF SHANGHAI—by John Luff;
- ★ HITLER'S MASTER SPY—by Chapman Pincher;
- ★ THE BUSINESS OF WAR—by Major-General Sir John Kennedy; COMMENTARY—by Frank Owen;
- ★ RAGS TO RICHES—by John Cottrill;

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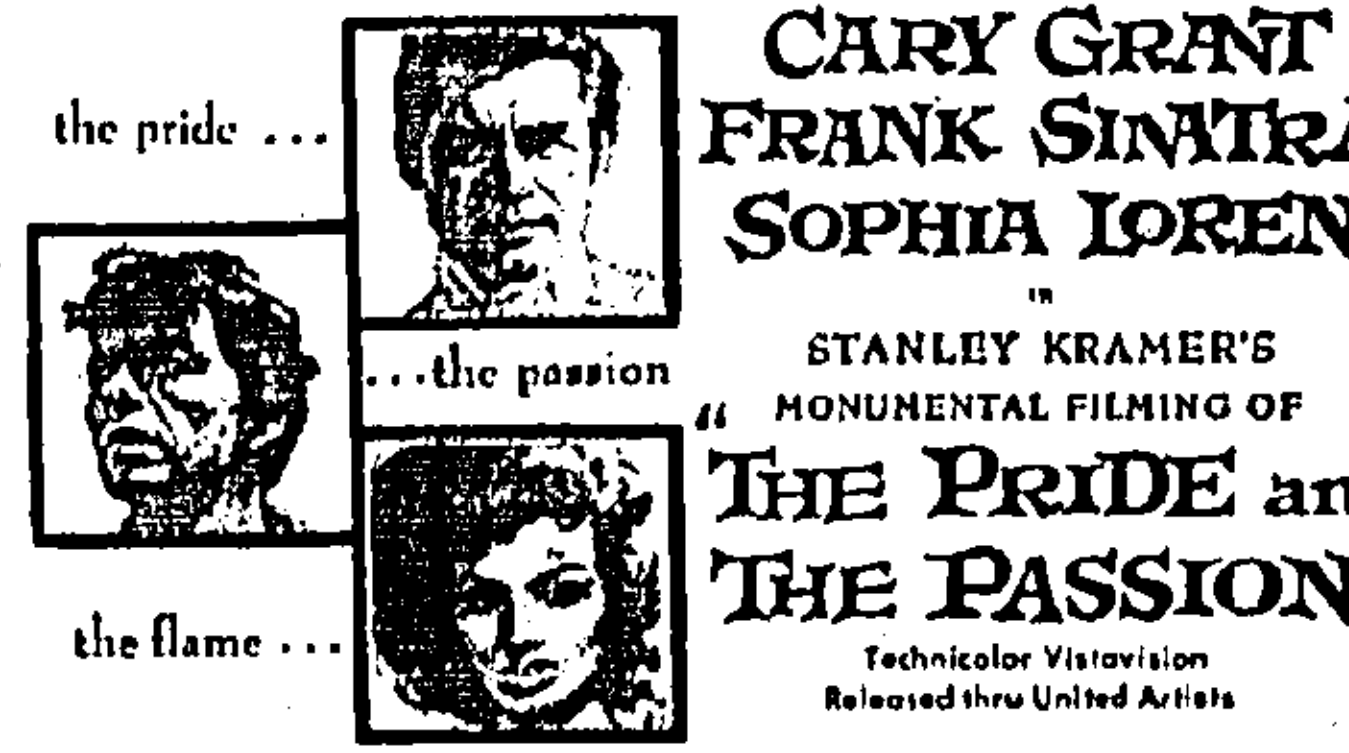
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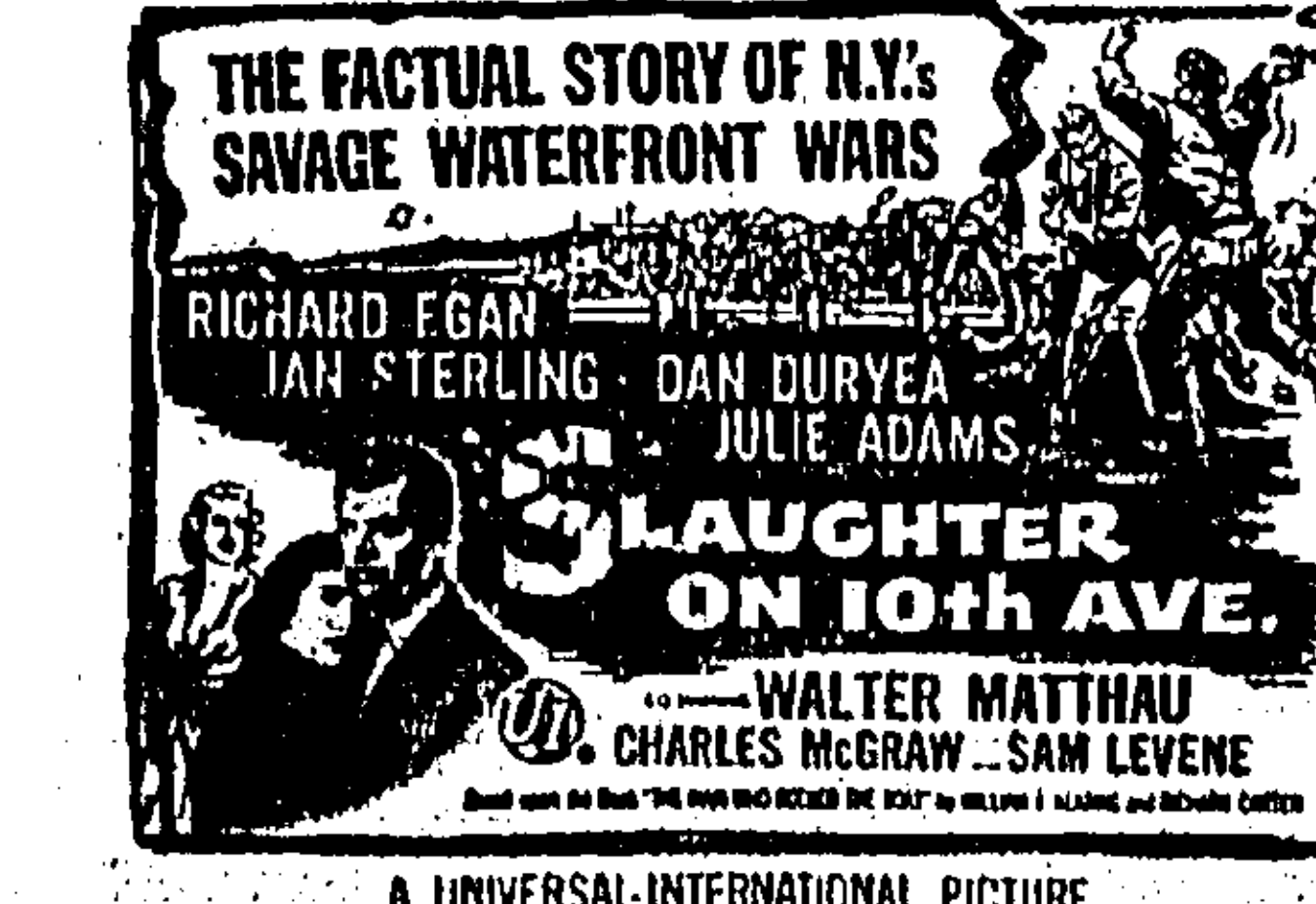
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Letter To A London Newspaper MR K. ON OUTER SPACE

A Problem For Discussion With The West

London, Mar. 13.

The Soviet Communist Party First Secretary, Mr Nikita Khrushchev, has devoted the policy section of his second letter to the Left-wing London weekly, the New Statesman, to a detailed explanation of the terms on which Russia will agree to discuss the problem of cosmic space at a "summit" conference.

This is the new feature of current Soviet "summit" proposals to the United States on which President Eisenhower is due to comment in his next letter to Moscow.

Mr Khrushchev's exposition of the point, in the section of his letter which bears on current diplomacy, is dated March 5. Soviet agreement to discuss outer space on terms of a summit conference was first announced to the United States in an aide memoire of February 28 and repeated in a letter to the President of March 6.

Observers said here today that the added detail with which the Soviet position on outer space is expounded in the New Statesman letter would develop the public debate on the "summit" agenda.

In the New Statesman letter, but not in the two official communications to the United States, the Soviet Government is said to view a discussion of outer space mainly as a discussion on the future of the intercontinental ballistic rocket of which it now claims a monopoly.

The Reasons

Mr Khrushchev discusses the reasons why Soviet agreement to discuss this issue is dependent on two conditions:

- That it is linked with the question of banning nuclear weapons.
- And with the liquidation of United States military bases surrounding the Soviet Union.

The reasoning behind this position emerges as an intention to be certain that no negotiations should require the Soviet Government to abandon its chief weapon, the intercontinental rocket, unless the West is also called on to abandon its chief weapon as intermediate range rockets and the bases from which they would be launched.

It is for this reason that the Soviet Government is unwilling to isolate the outer space question from other disarmament issues.

Similar

Observers here today said that Mr Khrushchev's letter showed the Soviet Government now adopting a position similar to the West on the impossibility of isolating issues now in dispute between the world powers.

Other apparent difficulties on agreeing a summit agenda are Western unwillingness:

1. To accept suspension of nuclear tests in isolation from a cut off of the production of fissionable material for weapons purposes. The Western powers claim this would permit a continued nuclear arms race while safeguarding Soviet Russia's present technical lead.
2. To discuss a German peace treaty in isolation from the problem of German reunification—China Mail Special.

The Atom-Bomb Accident

London, Mar. 13. Mr Harold Macmillan, the British Prime Minister, expects to make a considered statement next Tuesday on the carrying of hydrogen bombs by aircraft over Britain.

Mr Charles Orr-Ewing, Under-secretary for Air, told the House of Commons this tonight after Mr Geoffrey de Freitas, Labour, had referred to the accidental dropping of an atomic bomb from an aircraft in South Carolina.

Mr Macmillan faces a barrage of questions from Labour members on the subject next Tuesday—China Mail Special.

Dulles Leaves

Manila, Mar. 11. The United States Secretary of State, Mr John Foster Dulles, left for Manila today for Taipei after attending the South Council of Ministers conference here.

Mr Dulles will attend a conference of American chiefs of mission in the Far East in Taipei—Reuters.

Human-Like Animal Captured

Djakarta, Mar. 13. THE Indonesian Army announced today the capture in South Sumatra of a monkey-like creature with decidedly human characteristics.

Retired Army Captain Mohammed Nardin described it as a female, about four feet tall, with short hair and long nails, and known locally as "Sindal."

He said the Dutch Colonial Government once offered a 5,000-guilder reward for capture of the animal. A courier was sent to the Prabumulih area with instructions to take the creature to Palembang.

—United Press.

Bob Hope Leaves For Moscow

A Fur Hat For Bing Crosby?

New York, Mar. 13. Comedian Bob Hope left by air for Moscow today to bring back "a fur hat that parts in the middle" for his long-time partner, Bing Crosby, and to bring culture to the Russians.

"I'm a cultural exchange," Hope said. "At least, that's what I jokingly called myself." He said he didn't know what he would be exchanged for. "They don't have Mickey Mouse," he said.

Hope plans to film two television shows in Moscow, using Russian talent.

"I hope to get the Red Army Chorus, a ballet troupe and some circus clowns, but nothing is definite," he said. "We won't know what we'll have until we get to Moscow."

"GO HOME?"

The first show will be televised in the United States at April 19 by the National Broadcasting Company.

He said he planned to spend six days in Moscow. But after a glance at his visa he said, "I don't know Russian, but I think at the bottom of this thing it says, 'Yankos, Go Home!'"

Hope didn't expect to have any language difficulties "unless they ask me something." He said he would "love to trade gags" with Communist Party Secretary Nikita S. Khrushchev at an Embassy cocktail party. "But he'd have to spot me two vodkas."

The comedian said he would open his show in Russia with a monologue that would be censored by the Soviet Ministry of Culture.

"We're going to get an interpreter such as those working at the UN to narrate it as we go along," he said. "Then I want to stand up and be interviewed by my interpreter. I should be on the first leg of the road to Siberia by then."

He also said he did not share the sentiments of actor Cary Grant who said after a recent visit to Moscow that he liked the city because he could walk down the street without being hounded by autograph-hunters.

"That would drive me crazy," Hope said. "When I go I travel incognito. Translators, that means I hope somebody recognizes me." He said he hoped he was recognized in Russia.

"I've arranged for a balalaika band to march ahead of me playing Thanks For The Memories," he said.—United Press.

'DIABOLIC'—THE PERFECT MURDERER?

Turin, Mar. 13.

Police tonight examined the body of a young man found dead in a locked room today to see whether he is a second victim of Italy's self-styled "perfect murderer," known as "Diabolic."

The body was found in an unoccupied flat late this evening, after police had patrolled the town all day following a telephone call to a newspaper office last night declaring: "Tomorrow, Diabolic's blade will go into action again."

"Almonds are in bloom, open the windows." This followed a letter signed "Diabolic" sent to the paper three days ago. It announced that he would kill again on Thursday.

Mario GILBERTI, 27, was found stabbed to death in his room on February 25. He had been missing for ten days. A note left in the room asked: "Will you be able to find the murderer?"

Two days later, the newspaper and police received pencil-written copies in bad Italian. "Diabolic" boasted that he had committed the "perfect crime."

"We were intimate friends when we did our military service together. But then he betrayed me," he wrote. "Come and get me if you can."

In the search for the killer, police arrested 24-year-old Aldo Cugini, son of an industrialist at Bergamo, and booked him on a charge of killing Gilberti.

But "Diabolic's" letter three days ago—in the same writing as the first—claimed that they got the wrong man. "Do not charge Aldo. He is not capable of loving as I love, and he would not be able to kill as I kill," he said.—China Mail Special.

SNOW AND ICE COVERS EUROPE

London, Mar. 13.

Snow and ice still hampered traffic in much of Europe today.

In Vienna the Army was called in to help clear 130 million cubic yards of snow that caused all traffic to halt yesterday, and from Sillian, in the Tyrol, came a report that the temperature there was minus 7 degrees Fahrenheit.

Snowstorms blocked western Hungarian roads.

COLDEST

Some parts of Yugoslavia recorded the coldest weather of the winter with temperatures down to about minus 11 degrees Fahrenheit. Snow smothered cars on mountain roads in Serbia, Bosnia and Montenegro. The worst blizzard for ten years caused damage in Sarajevo.

There were moderate snowfalls in the Bavarian Alps, in the Rhineland, and in Holland where some delay was caused to aircraft.

Milder weather was forecast in Holland, West Germany, and Austria.—Reuters.

War Ace Dies

New York, Mar. 13. Lt.-Comdr. Cornelius N. Nooy, one of the Navy's most decorated aces in World War II and a former Mayor of North Long Branch, New Jersey, died yesterday at Doctor's Hospital. He was 37.—United Press.

CAPITOL CITY 2

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"THE FAIRY FROM THE 9 HEAVEN" 女玄天九
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presented by SUN YIM YUEN PLAYERS

Admissions: \$12.80, \$8.90, \$7.60, \$6.00 \$4.70 & \$3.00

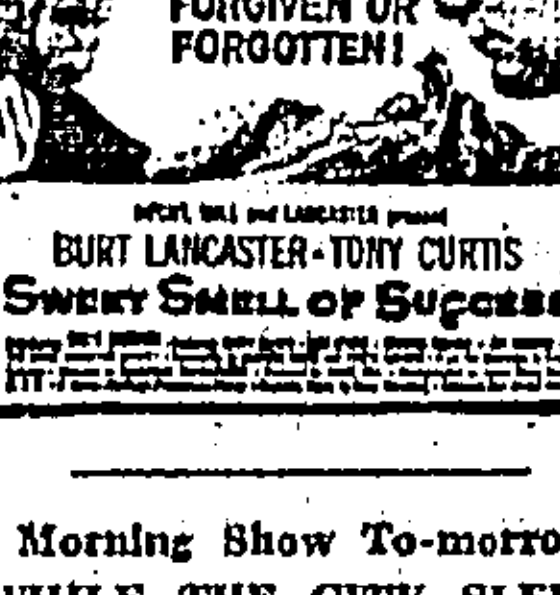
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Morning Show To-morrow "WHILE THE CITY SLEEPS"



CABLE BRIEFS

Dearborn, Mar. 13. Some 40 members of the Dearborn Junior Chamber of Commerce staged a banquet in honor of Ann Hodges, 16, and only one thing went wrong.

That's right, they forgot to invite Miss Hodges. The Fordson High School junior won the State Championship in the Volvo of Democracy contest over 3,500 other Michigan high school entrants.

Her comment: "They forgot about me all the time."—United Press.

San Francisco, Mar. 13. Mrs. Ericine McCann, 28, wife of a city fireman, has learned to take blows in her stride.

Mrs. McCann, mother of six and expecting another, calmly shepherded her brood out of their burning apartment yesterday, and her husband didn't even hear about it until several hours later.—United Press.

Duluth, Mar. 13. Police believe that they have a sure sign that Spring can't be far off.

They arrested a girl on a charge of shoplifting a bathing suit.—United Press.

Memphis, Mar. 13. Another week or so and Ralph Smith's reason for moving here from London, Ontario, with his wife and their two children, will be gone.

Smith revealed yesterday that the family came here to be near their favorite singer, Elvis Presley—who is about to go into the Army.—United Press.

St. Paul, Mar. 13. Iden Hittle told authorities he was simply determined to raise money to pay his income taxes.

That, he said, was the only reason he set up a 30-railton still in his home and began selling the resultant moonshine for \$8 to \$10 a gallon.—United Press.

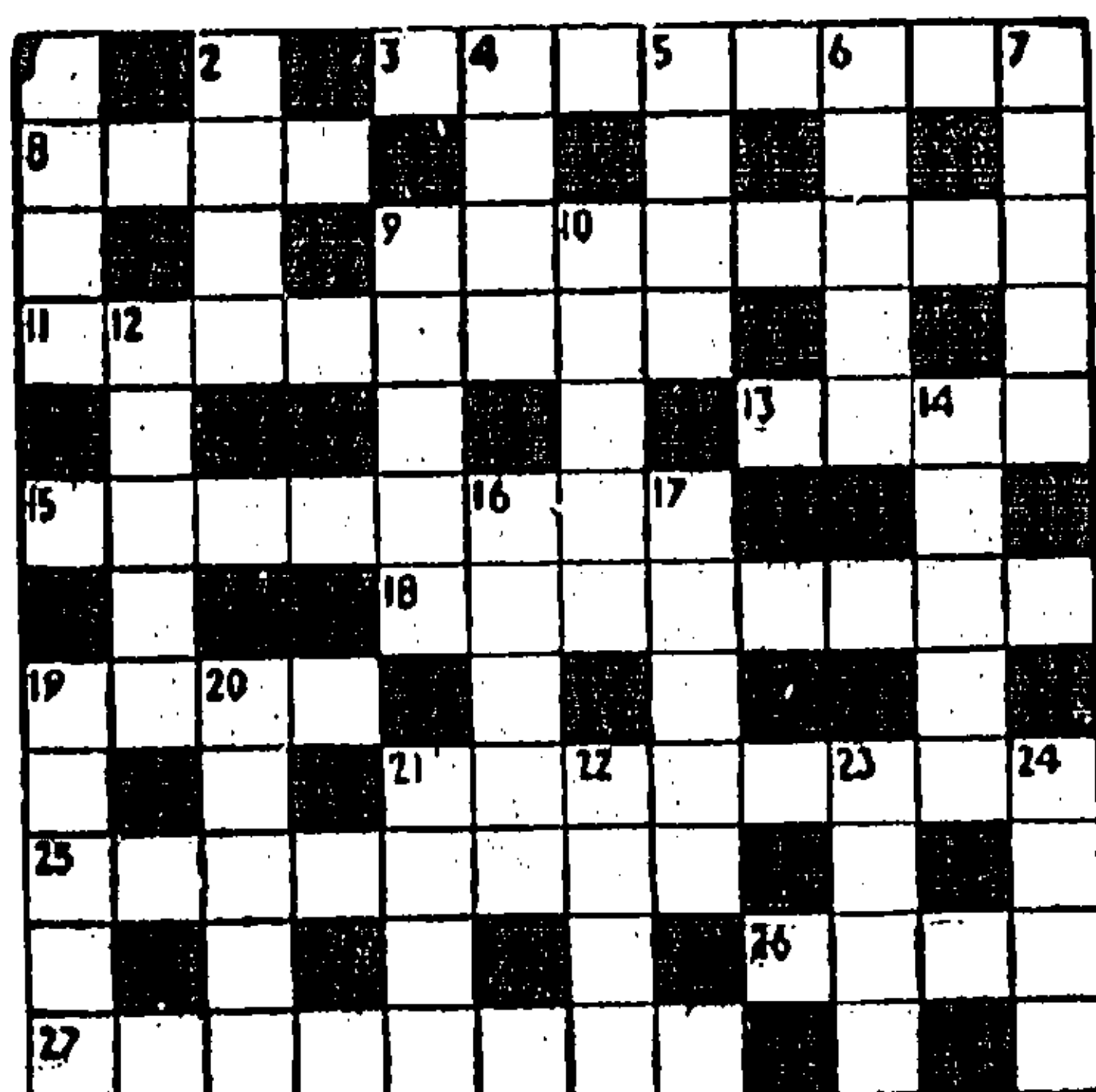
Milwaukee, Mar. 13. Edward Kleiter, a new father, wants everyone to know about his daughter.

Kleiter, a hardware store proprietor, put up an 18-foot neon sign on the front of his building. It reads: "It's a girl, 6 pounds, 11 ounces."—United Press.

CHILD OUT OF DANGER

Cleveland, Mar. 13. Immediate post-operative danger today pronounced "open heart" operation, lasting six hours on Tuesday. The news was received with delight by the village of Ousted, where Susan lived, and where 24 of the inhabitants had each donated about a pint of blood for the child's circulatory system during the operation.—France-Press.

A British Crossword Puzzle



- ACROSS
3 Base of a statue (8).
8 It's a frost (4).
9 Happening apt to occur (8).
11 Fertiliser for a dog? (8).
13 Little mischief (4).
15 Cuddles up (8).
16 S-T-R-E-T-C-H (8).
19 Combatant unit (4).
21 Heavenly stuff, this (8).
22 One of the U.S.A. (8).
23 Old king gets a duck in (8).
27 Horseplay (8).
- DOWN
1 Bird's food—and human's! (4).
2 Signs on and include me (4).
4 Bird to be seen in her nest (4).
5 Not a good thing to live up to (4).
6 A certain amount of heat (6).
7 They often get plastered (6).
9 Dead split (6).
10 Curved stone (6).
12 He's got something (6).
14 Prime-donna of the past (6).
16 Transport animal (6).
17 A delusion as well? (6).
18 Rendered useless (6).
20 Confused conflict (6).
21 Tools which break laws (4).
22 Boast (4).
23 Spirit of a person (4).
24 Really excited (4).

THURSDAY'S CROSSWORD: Across: 1 Gossip, 4 Code, 7 Attachment, 8 Ticks, 9 Sample, 11 Nan-keen, 12 Goggles, 15 Setter, 16 Reel, 19 Hogmanay, 20 Gayer, 21 Saturn, 22 Ray, 1 G-less, 2 Steep, 3 Present, 4 Cotton, 5 Disc-Red, 6 Edison, 10 Ministry, 12 As-sure, 13 Goring, 14 Rather, 16 Trail, 17 Bayon.

DULLES DISCUSSES POSSIBLE CONCESSION

Will H-Tests Be Stopped?

Impasse Between The West And Russia

Washington, Mar. 13.

Mr John Foster Dulles, the Secretary of State, was reported today to have discussed with the British and French Foreign Ministers in Manila a possible concession by the West regarding a halt to nuclear weapons tests.

There was no official confirmation of these reports, but it is known that Mr Dulles, before he left for the Seato council meeting in Manila, intended to take up the matter with the Allies.

Under study is a plan to separate a ban on weapons testing—which would be internationally supervised—from the previous insistence on agreement on a cut-off date for weapons production.

The Seato Talks Failed, Says Peking

Peking, Mar. 14. The Seato conference in Manila has ended in failure and the Imperialists have failed to achieve their expected aims, states a commentary in today's Ta Kung Pao on the Seato Council meeting, the New China News Agency reported.

The paper adds: "The failure of the Manila conference is another landmark showing that imperialism is heading towards its end in Asia. But the Asian people will not relax their vigilance against imperialist schemes."

Emptiness

The commentary says the final communiqué of the Manila conference is characterized by emptiness of its content. All questions in which sponsors of the conference have shown the greatest concern have not been clearly reflected in the communiqué.

The paper points out the final communiqué also omits entirely the matter of establishing United States guided missile bases on the territories of Asian members of Seato. It is obvious, the paper said, that owing to the vehement opposition of the people of Asia it would be inappropriate to openly discuss such a matter in an official document.

It is worth notice, the Ta Kung Pao continues, that Seato is further tied to other imperialist aggressive blocs as a result of the Manila meeting. It warns the Seato Asian countries of a greater risk of war they must shoulder in such a case.—France-Press.

Fort Worth, Texas, Mar. 13. United States Air Force General O. P. Weyland, said today America had developed a hydrogen bomb small enough to be carried by a fighter-bomber.—Reuter.

HINTS

There have been some fairly good strong hints coming from official quarters that only the lack of Allied agreement stood in the way of a positive proposal being made by the United States to the Soviet Union.

There is an increasing belief among commentators here that disarmament is likely to prove to be the only major topic which could usefully be discussed at a summit conference.

There might be other subjects such as removal of barriers to increase exchanges between the Soviet Union and the West, but a "first step" disarmament agreement would be the prime objective.

Before any concession is made to the Soviet Union on the issue of halting nuclear tests, however, the United States would probably await the outcome of the series of explosions it is scheduled to conduct at the Pacific testing grounds beginning in April.

ACTION

Furthermore, the administration would probably wish to give Congress time to act on President Eisenhower's proposal to revise the present atomic energy law to allow him to share atomic secrets with the Allies.

If Congress acceded to the President's request and he was able to give the Allies the benefit of the wide experience the United States has already gained in the nuclear field, they, in turn, might agree to halt their own nuclear testing programs.

Mr Dulles was also reported to have taken to Manila for discussion.

'Britain Is In The Class B League'

Washington, Mar. 13. The man in charge of conscripting recruits into the armed services has told Congress that the United States should not follow the British example in abolishing conscription because Britain "is playing now in a class B league."

Lieutenant-General Lewis Hetherly, Director of Selective Service, said in private testimony to a Congress committee, the text of which was published today: "I do not believe we can guide too much on what England may be doing because England is admitting things to herself that she is not admitting to other people. . . . She is playing now in a class B league, and she is not a major league any more."—China Mail Special.

Price Of Rubbish

London, Mar. 13. Household refuse collected by local authorities from the homes of Britain is worth more than £20 million sterling a year, the Institution of Municipal Engineers was told here today.—China Mail Special.

China: Wives Practise The "Five Goods"

LIFE IN A CHINESE WORKER'S HOME

By WALTON A. COLE

London, Mar. 13.

Discovering the human beings who exist behind a national caricature is as rewarding as it is refreshing. One finds people who have the same basic aspirations and problems as one's neighbours.

It is no different in China, where 650,000,000 people are being organized into a giant Communist state. During my 12-day visit there this year, I did not confine my contacts to officials and dignitaries, but

was able to talk to and ask questions of men, women and children in diversified walks of life.

Living in flats as such has become as much a part of urban life in China as anywhere in the Western world. The flats are austere and strictly functional, but unfailingly the occupants all said that for them housing has never been so good.

The emphasis is much more on the community than the individual for these flat dwellers, but some of the problems have been stock situations in the West for years, like mothers-in-law and noisy children who disturb the neighbours.

I talked to Ma Ming-chin, a housewife of 40 who has three children, aged six, two and two years and six months. She and her husband share a three-room flat with their mother-in-law in a new block of flats not far from a turbine factory.

Two of the rooms are used for sleeping, the other for eating. Ma Ming-chin has to share a kitchen with a neighbour, and there is a joint lavatory. But let her tell her own story:

Strict Budget

"My husband is one of the master workers at the factory earning 90 yuan (about £2.10) a month and he is paid fortnightly. I make out a strict budget, allowing 60 yuan a month for food.

"I practise the five 'goods' of the housewife and mother of the New China. It is good to encourage the husband in his work. The housewife must be good to her husband. It is good to have friendly relations with neighbours and mutually assist them. It is essential to make a good budget and adhere to it.

"We have few troubles with the neighbours and in this block of six families live over 35 people. We have disproved many popular theories such as unpleasantness when mothers-in-law are around, and that women cannot share kitchening.

"In the block there is a group leader for the housewives. The theme of the activities of the group is to help housewives practise the five 'goods'. Children are the main source of trouble in the neighbourhood and the group assists in solving problems of this kind.

"The last occasion we had to deal with a quarrel was due to children of some of my neighbours provoking the people to take sides and having angles

WEDDING IN SIGHT?



Sinatra

Bacall

Hollywood, Mar. 13. "Anything to say about reports he will wed sultry Lauren Bacall?"

Sinatra's only comment yesterday to hints by Miss Bacall that they may be wed was a brief statement here

"I have always believed that an actor's personal life is his own business," he said. "I see no reason to alter my thinking on this at this time."

From the other corner, there also was nothing but silence. Miss Bacall, whose husband Humphrey Bogart died in January 1957, refused to comment, after hinting to friends that she might be star-struck.

"Any further statement has to come from Mr Sinatra," she said.

The 33-year-old actress has expressed her willingness to marry again. She told reporters: "If I thought I was never going to get married again, I'd retire from the human race."—United Press.

"A Bunch Of Savages"

KU KLUX KLAN "WIZARD" IS CONVICTED

Lumberton, N. Carolina, Mar. 13. A jury tonight convicted Ku Klux Klan Wizard James Cole of inciting a riot by Lumberton Indians at a Klan rally on January 18. Cole faces a maximum prison sentence of two years, Judge Clawson Williams, who meted out a prison term to another Klan Wizard six years ago, said he would pass sentence tomorrow.

Both Cole and a lieutenant who has since renounced the Klan were convicted by an all-white jury. The jury deliberated only 22 minutes at the end of the three-day trial.

Cole was indicted and extradited from his home in Marion, South Carolina, on State charges that it was his refusal to call off the Klan rally that touched off the riot.

Hundreds of Indians, angered because of reports that the Klan was attempting to intimidate them, descended on the rally in a field near Marion, North Carolina, and routed the Klansmen with whacking, yelling and gunfire.

Most of the shots were fired into the air and only a few persons received superficial wounds. The Indians grabbed Klan banners and paraphernalia and sent the KKK members fleeing.

The State claimed that Cole, former junk dealer and part-time preacher, had directed Klan demonstrations against the usually-peaceful Lumberton by earlier cross burnings.

The defence claimed that most of the Klansmen, including Cole, were unarmed and that law enforcement officers refused to give the Klan protection. Defence counsel had told the jury earlier that the riot was staged "by a bunch of savages."

Judge Williams ordered both Cole and James Garland Martin, 33, of Redsville, North Carolina, held tonight in the custody of the Robeson County Sheriff, Malcolm McLeod, who was a chief witness against Cole.—United Press.

DIVORCE FOR INGRID?

Rome, Mar. 13.

Attorneys for Ingrid Bergman and Roberto Rossellini sent urgent queries throughout the world today for evidence to strengthen the grounds for annulment of their eight-year-old marriage.

The search for evidence became necessary yesterday when a Rome civil court postponed the world today for evidence to strengthen the grounds for annulment of their eight-year-old marriage.

Rossellini, 51, filed the suit against the mother of his three children in a member on the grounds that Ingrid's divorce from Dr. Peter Lindstrom was not recognised in Sweden. She is not contesting the suit brought because divorce is illegal in Italy.—United Press.

Post-Mortem On A Goldfish

Chartres, Mar. 13.

French authorities today ordered an autopsy performed on a goldfish in an attempt to probe the mystery of a "ball of fire" seen over the village of Berchères, south of Paris.

The goldfish, found dead in a bowl on the farm of Maurice Lamy, was the only clue to the phenomenon, which was accompanied by a nauseating and suffocating odour which forced Lamy's family out of the house.—France-Press.

Left-wing members of Parliament began shouting "Immediately!" at a statement by right-wing Independent M. Dides, a former police commissioner, further annoyed the Leftist members and the session was again suspended.

When it reopened, Dides tried once more to speak and the uproar broke out again. The session was finally closed by the members of Parliament rejoined in their seats. Long after the Assembly President left, the members continued to discuss the problem.—France-Press.

Rickshaws In Hollywood

NO LAW AGAINST USE OF VEHICLES: POLICE

Hollywood, Mar. 13. RICKSHAW owners in Hollywood can relax. There's no law against using one of the leg-powered vehicle here if someone can be found to pull it.

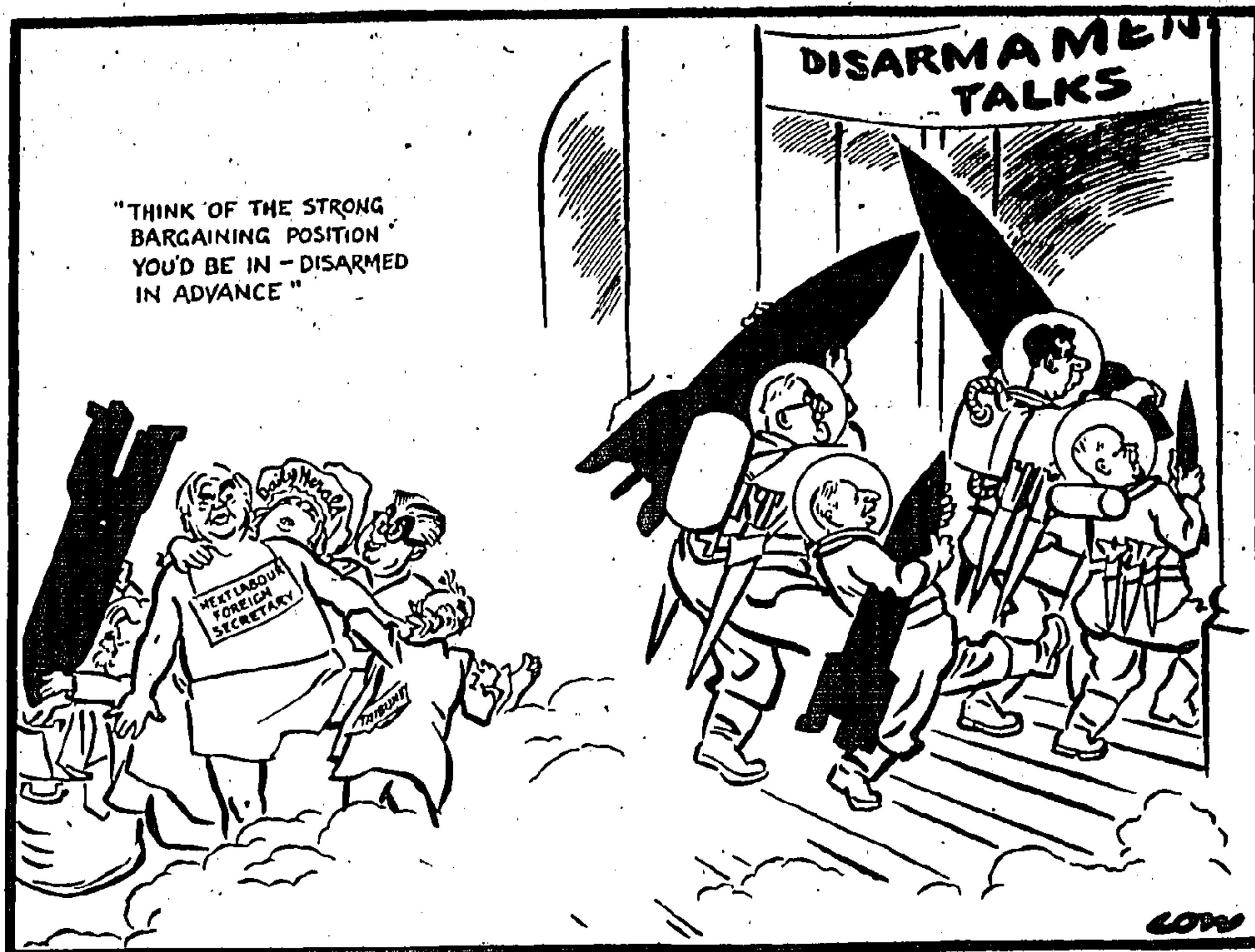
The fine legal point about rickshaws on busy city streets was probed yesterday by police officer J. J. Gray, who answered a citizen's call that a rickshaw was blocking traffic on La Brea Avenue.

When he arrived, he found antique dealer Leopold F. Lotz, 27, blocking lanes between the temple with antique dealer Albert Brown

on the seat, scarcely aware of the horn-blowing, hair-tearing motorists. Lotz explained Brown wanted to buy the rickshaw but only after he made sure it was a good shape.

While horns sounded, officer Gray thumbed the vehicle over. Then he called his watch commander, who said he knew of no law against rickshaws.

Lotz was asked to kindly deposit his rickshaw elsewhere in the future, which is a warning the dealer may not have to worry about. Brown bought the rickshaw for \$450.—United Press.



PREPARED TO NEGOTIATE

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This is the rewriting
of history in action now



THE
MOST
STARTLING
BOOKS
IN BRITAIN
-PART
TWO

INTERPRETATION BY
STEPHEN
CONSTANT



Today: What they call your marriage: 'a contract for cynics'

NOW Western eyes can see themselves as the Russians are allowed to see them—through the carefully doctored pages of Communism's official version of the world, the Great Soviet Encyclopedia. Interpreted here for the first time, the new Red "line" on people, places and all of history as rewritten and "rethought" to suit the Kremlin, emerges. Today, turning to some of the wider world's people and institutions, it begins with the most basic institution of all... marriage, the Western version, as the ordinary Soviet people are supposed to view it:—

THIS is Love, Marriage, and Divorce... as the Kremlin sees them. **MARRIAGE** in the West: "Bourgeois monogamy has a false, hypocritical character. In fact, monogamy only applies to women; in the majority of cases bourgeois men take up illegal relations with other women, who are forced to do this as a result of poverty and unemployment.

"In fact, prostitution is the inevitable companion of bourgeois marriage. It is typical of bourgeois marriage that it is more like a business contract. Often people who want to marry advertise in the newspapers.

"The marriage announcements in bourgeois newspapers are clear proof of the cynicism of the marriage contract.

Punishing

"In the majority of Capitalist countries the law gives the husband the right alone to manage the family property, including the private property of his wife.

"According to British law a man can inflict physical punishment on his wife.

"Marriage in the Capitalist countries is going through a heavy crisis—even bourgeois scientists are prepared to admit this.

"The basic aim of bourgeois marriage laws is to safeguard the interests of private ownership and guarantee the husband's privileges in the family.

"Typical of the governing classes of the West is the disintegration of the family, debauchery, particularly among the young people, a sharp fall of the number of marriages and births, and a corresponding rise in divorces."

Voluntary

ALL this, as the reader might expect, is not so in Soviet Russia.

"In Soviet Russia for the first time in history marriage is built on the basis of real love, mutual inclination of the man and woman, and genuine monogamy.

"Marriage in the U.S.S.R. is the voluntary and free union of men and women, aimed at

creating a family and contracted according to the conditions established by law.

"The collective interests of the community excludes the possibility of looking on marriage as a private matter. The Government, with its laws, must have a certain effect on marriage."

And so to Churchill and others

THE encyclopedia gives Churchill 139 lines and one picture. This is only 36 lines more than Harry Pollitt, leader of Britain's Reds—who gets a much larger picture.

"Churchill," it reads, "prominent English statesman. During the period 1918-1921 Churchill was active in uniting the international reactionary forces for the organisation and carrying out of the intervention against the young Soviet Republic.

"Churchill—who, says Lenin—is the 'greatest enemy of Soviet Russia,' tried, as he himself has admitted, to strangle the Soviet State at its birth.

"Churchill carried out a policy of preserving and in every way strengthening the British Empire, which he considered one of his main tasks."

LATER in World War II after Fascist Germany's treacherous attack on the U.S.S.R., Churchill made a declaration in support of the Soviet Union.

"In July 1941 Churchill's Government concluded with the U.S.S.R. an agreement about joint action against Hitler Germany."

"But Churchill in fact carried out a policy of delaying the opening of a 'Second Front' in Europe. This was not opened until the summer of 1944."

"In March 1940 he made a speech at Fulton (U.S.) in which he called on the Anglo-Saxon nations to unite and form military-political blocs aimed against the Soviet Union and the Peoples' Democracies."

ETON: "Teaching at this institution is permeated with the spirit of caste and chauvinism. It aims at educating the future officials, of the British Empire, faithful defenders of the exploiting class."

The leader

PRESIDENT EISENHOWER: "During his presidency the armaments race was continued and the country was further militarised. In January 1957 the Eisenhower Administration began a programme of economic and military interference in the affairs of the countries of the Near and Middle East which came to be called the 'Eisenhower Doctrine.'"

The Trio...

NEHRU: "Prominent Indian statesman... who for taking part in the national liberation movement of India was several times prosecuted by the British Colonial regime... In all he spent about ten years in prison."

Paul Robeson: "Famous singer (low bass), actor, leading U.S. progressive and social figure. His songs, urging a struggle for peace, are very popular in the U.S. and other countries."

JAZZ: "Jazz is generated by the degrading bourgeois culture of the United States. The rotten influence of jazz has had its effect on the work of many

American and West European composers."

The comic

CHARLES CHAPLIN: "A great individualistic artist, creator of deeply honest and democratic works, a fighter against war and Fascism."

"In 1954 he was awarded the International Peace Prize."

"In 1947 Chaplin produced the film 'Monsieur Verdoux,' showing up capitalism. The film was violently attacked by the bourgeois Press."

There is, however, a slight dig at Chaplin: "In his early pictures Chaplin mainly used the conventions of crude comedy."

The soldier

FIELD-MARSHAL MONTGOMERY: "English field-marshal, one of the main leaders of the armed forces of Great Britain during World War II."

"1948-50 Chief of Staff of the aggressive Western bloc."

BRITISH LABOUR PARTY: "While in power in Britain in 1945-51, the Labour Party attacked the working classes and prepared for a new war. After 1951 Labour leaders actively supported the reactionary aggressive policies of the Conservatives."

"The British Labour leaders are the people who split the British and international workers' movement. The policy of the Labour Party is resulting in widespread protests in its rank and file."

WHEN the Bolshevik Ballet visited Britain one of the most ancient things was to find out the gross U.S.S.R.'s real age. There were many versions. But the encyclopedia has only one. She was born in 1910.

LONDON LETTER

By Sir Beverley Baxter, MP

MUNICH—and football, and the outcry against the Press

TO understand the tragedy and outcry that followed the Munich air disaster it is necessary to appreciate what soccer football means to the people of Great Britain. Americans in a satirical mood have mocked soccer as the only game in which the participants use the outside head. Rugby players look down upon it as the sport for the masses. Yet as the League games progress through all the vagaries of autumn and winter weather hundreds of thousands of fans follow the fortunes of their home teams and talk of little else.

At the end of the season comes the Cup Final when the two winning League teams travel to Wembley in Greater London and play it out to finish. Merely to "get into the final" enraptures a team's supporters, and when the great match is over the fans move into central London and make a night of it until their train is ready to take them home.

Among the many good things which Britain gave to the world was sport and its corollary of sportsmanship. Kipling mocked and there have been plenty of satirists who have derided the frenzied supporters of the soccer teams but both cricket and soccer will exist when their detractors are sleeping in the good earth.

But soccer football today is not confined to Britain. The cult has spread to Europe and even in Russia. Players who cannot speak a word of their opponents' language find a common enthusiasm and antagonism in England's national game.

Break-Up

So in the order of things it was the time of Manchester United to play the Yugoslav team at Belgrade in the International League. There was certain to be a great crowd and, therefore, the players and the management of Manchester United would gain in experience and money. So off they flew in a chartered plane to Belgrade on a wintry day with players, coaches as well as the leading British football sports writers and press photographers.

When the game was over the Manchester players and those who made the journey with them went to the aerodrome for the joyous homeward journey. The first part of the flight was to Munich and there is no evidence that the plane met with any engine trouble or any other defects on that part of the flight.

It was snowing at Munich when the pilot taxied the plane to the runway. Survivors stated that the engines had apparently developed some trouble. At any rate the pilot stopped while he tested everything. Again he revved for the take-off and again he stopped and taxied back to the apron to have a check. The third time he taxied into position and the pilot decided to go full out.

Survivors said that suddenly the plane appeared to be breaking up. There was an ominous rumbling motion and the luggage burst from the racks. Small fires broke out in the luggage section, and part of the engines of the airplane were thrown forward for 150 yards, hitting a small house that burst into flames. Seven players as well as eight journalists and six officials were killed.

These are the grim unadorned facts but it is not too much to say that the whole of Britain was shocked and grieved. The television programmes were interrupted again and again to give items of news. Manchester was a city of horror and suspense.

Coverage

The British Press, as the Press of any other nation would have done, realised that this was a story of immense interest and that their reporters and photographers out to Bonn or to any other aerodrome where they could come down reasonably near Munich. In the meantime the Queen had sent a message of sympathy to the Lord Mayor of Manchester: "I am deeply shocked to hear of the accident to the plane carrying players and newspaper men back from Belgrade. Please convey my sympathy to the relatives of those who have been killed and to the injured."

So far I have set down the plain facts of a pitiful tragedy played like a cruel ironic satire against the background of sport. But now we must move into the fierce zone of controversy.

The journalists and camera men had been sent flying out into the night to carry out their assignment. And what was the assignment? It was that with pen and camera they would describe the scene at the hospital where doctors and surgeons were fighting to save the lives of men that had

Such a letter could not make pleasant reading for anyone. As a newspaper editor of many years I felt a sense of shame, albeit with a realisation that the camera men had been sent there to picture the news—and the news was tragedy.

But the next day in the Times there was a reply that was like a blow between the eyes for Mr Milward. It came from Lord Beaverbrook's son, Max Aitken, who was a most gallant pilot in the war and is now the head of the Beaverbrook Group.

As an example of terseness and directness I commend the letter which was as follows:

Sir, I have read the letter today from Mr Milward, Chief Executive of British European Airways, complaining about the behaviour of newspaper men in the Munich hospital.

His letter, written even before the newspaper men were killed in the B.E.A. crash, is, in my view, a disgraceful document. Mr Milward should be concentrating his attention to the causes of this shocking disaster. Instead of writing criticisms of the Press, and thus establish a standard of operation which could enable both footballers and newspaper men to travel by air in safety.

Yours faithfully,
(signed) MAX AITKEN.

Thus these two men, faced each other across the editorial page of the London Times. "You exploited human suffering," charged Milward. And Aitken replied: "Your aeroplane sent men to death and mutilation."

I learned a few hours later that a German surgeon asked the camera men to move away because their lights were burning the eyes of wounded men, but he adds that the photographers did not move away. Actually they did after a few moments. But is the photographic reproduction more cruel than the written word? The millions who watched on television or who saw the pictures in the newspapers were moved to profound sympathy—so profound that the whole nation mourned.

There is a tendency for the modern newspaper reporter and photographer to think that his profession knows no other law than "get your picture" or "get your story." Yet they are a race apart. The kindness of reporters to comrades and rivals who have fallen by the way is a part of the story of journalism. There is a tough job and it is not to be wondered that in the carrying out of their tasks they become tough fellows.

But in this tragic story the most significant intervention was that of the ex-Hurricane pilot Max Aitken who pointed his finger at the head of the B.E.A. and cried: "J'accuse!"

There have been too many aeroplane accidents in Great Britain during the last six months. It is not enough to pierce the mystery of the skies but we must maintain the highest standards of safety when conditions are bad and there is a doubt in the pilot's mind the plane should not take off.

That cruel winter massacre of young men in the vibrant strength of youth should never have happened.

All that I have read of "king" because of his consummate skill in fishing, and I believed that his facility was greater in proportion to his size than that of the heron or even the gannet.

So I searched our local rivers, lakes, and canals until I located what might be a kingfisher's nesting-place. It was winter and cold, but there he was, and for some days I spent much time in fruitless watching.

Now, on a morning of brilliant sunshine and scintillating frost, not a leaf stirred save those on the trees we call "weepers," because even on the calmest days it is never still.

From the chimney of a nearby farm rose a thin pencil of smoke straight up until it vanished, so breathless still it was.

DOZING

On my left a hump-backed bridge spanned the deserted canal, with a farm cart stopped on the crown and the horse dozing, while the cart leaned over the parapet rapidly concentrating on nothing at all.

To my right were the locks that hadn't been opened for years and would never be opened again, their rotten timbers hidden by moss and ferns, permanently shrouded up at the lower side to hold the waters back.

Before me lay a limpid pool half covered with last year's rushes; on the far side, half-sunk in the shallows, were two derelict barges that have been there for years. On their ruined cabin superstructures could still be seen faint traces in blue and red of the crude but friendly designs common to longboats and the horse-drawn vintas of Romney.

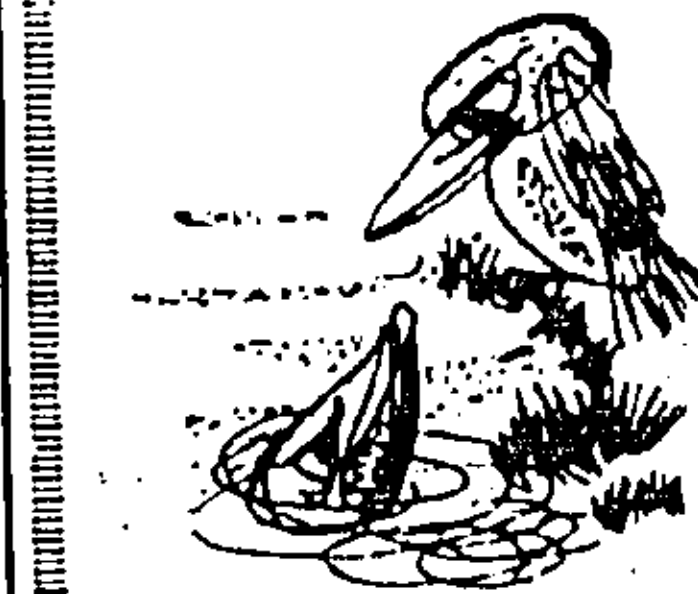
I mused on the lusty, brawling, tumultuous life that they had known in their many years of service along the maze of inland waterways that were once so busy, and are now so lonely. Babies were born in them, old people died in them, they have known laughter and love, hatred and tears. And they guarded safe the humble treasures of those who called them home... even today.

FLASHED

Suddenly the kingfisher materialised on the nearest cable-top and sat preening his brilliant feathers in the golden sunlight. I dared not focus my spyglass on him, for I knew that my slightest move would mean another wasted day.

The cart had gone on its lazy way, and I, presumably, had not been seen. The kingfisher suddenly flashed low over the glassy water and zoomed up to rest on a dead branch overhanging the shallows. There he stayed, motionless, lay.

UP COUNTRY BY THURLOW CRAIG



Mr. Kingfisher lacks skill as an angler

I HAVE always wanted to see a kingfisher in action. All that I have read of "king" because of his consummate skill in fishing, and I believed that his facility was greater in proportion to his size than that of the heron or even the gannet.

On such a day he knew that there would be fish both big and small warming their frozen fins in those sun-kissed shallows. Even I could see the continual movement of the water stirred by many fish.

Then the peace and calm of that serene scene had gone, wiped out by a belly-flopping dive of the little steel-blue and chestnut bird.

Next, half in and half out of those three-inch shallows, he was stabbing viciously with his dark and shining beak.

There was brute strength and bloodstained glare—but not the smooth skill of the experienced angler.

Then a fish-tail appeared wildly, dailing, shooting fine

Finally, head well forward and with the tail-end of the dash of a large fiddler. Down again went the kingfisher, obviously trying to pin his herculean opponent to the bottom.

Then, as swiftly as he had appeared, he vanished.

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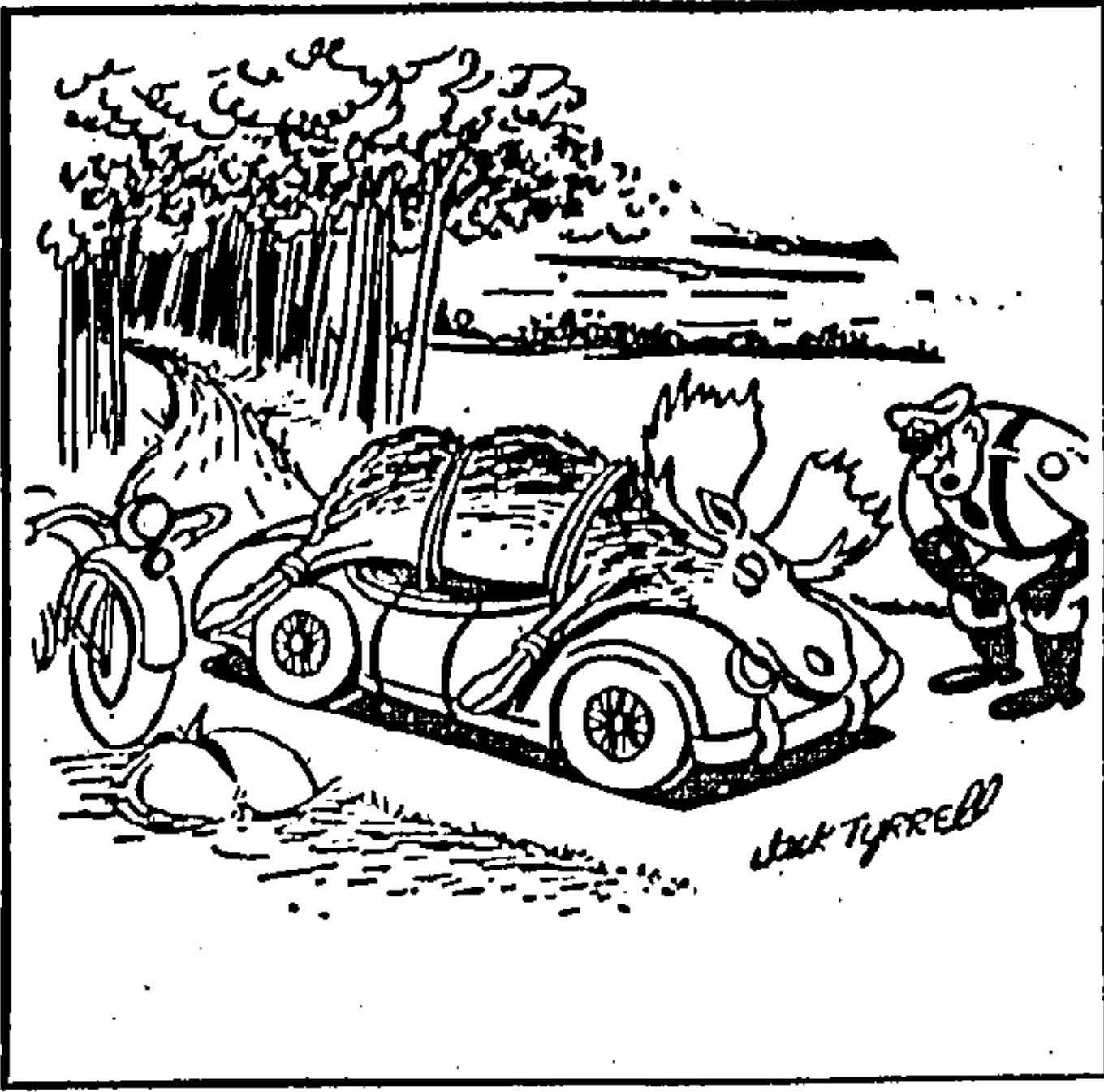
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Then, as swiftly as he had appeared, he vanished.

This Funny World



"Let's see your licence — I know you're in there!"

YOUR BIRTHDAY... By STELLA

FRIDAY, MARCH 14

BORN today, you have been given a major work of art or a basic invention. It cannot be said that you are essentially a traditionalist. Rather, you would prefer to build upon that which is good and continue from there toward something new and exciting. It is likely that your dreams will be especially vivid especially during those periods when you are in a full state of alertness. You are a full state of alertness while you sleep, pay attention to this. Some people might call the process inspiration!

Among those born on this date were: Maxine Gorky, dramatist; James H. Dugan, inventor; Albert Einstein, physicist and mathematician; Thomas Hart Benton, statesman; Thomas Marshall, statesman; and King Humbert I of Italy.

To find what the stars have in store for you tomorrow, select your birthday star and read the corresponding paragraph. Let your birthday star be your daily guide.

SATURDAY, MARCH 15

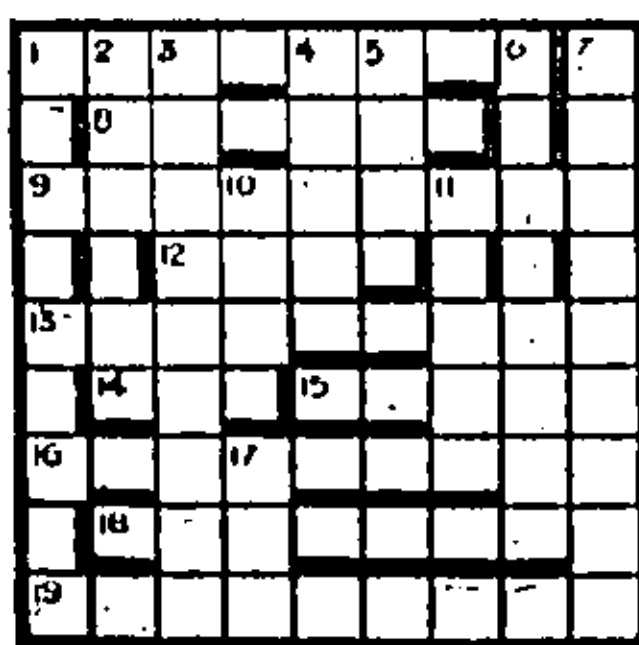
PISCES (Feb. 20-Mar. 20) — Check all working plans of new projects to make sure that all is well. Then get into action at once. **ARIES** (Mar. 21-Apr. 20) — You can have a pleasant social evening without being too extravagant. Check expenditures. You can be thrifty to advantage.

TAURUS (Apr. 21-May 21) — Be moderate in all that you now undertake. Amiable, satisfactory results without using peroratorics. **GEMINI** (May 22-June 21) — Take the lead in some social event in your neighborhood which brings you pleasant recreation.

CANCER (June 22-July 23) — Do not let anyone see you have not seen lately. Avoid making any final decision in a financial matter. Think it over. **LEO** (July 24-Aug. 23) — Personal affairs take the least time. Extend. There may be personally clashes, but you can resolve them by using tact.

VIRGO (Aug. 24-Sept. 23) — You may need to do some shopping, but take it easy! Keep a careful eye on the budget and don't be too extravagant.

CROSSWORD

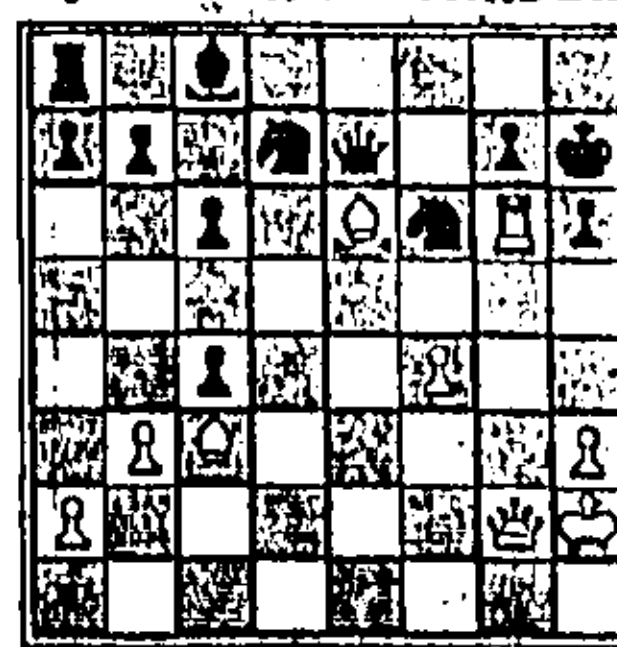


- Across
1. Outdoor wear. (8)
2. Covered street. (8)
3. Instrumentalist. (8)
4. Indignant. (4)
5. Gas for instance. (3, 8)
6. Model. (4)
7. Editor. (5)
8. Education. (8)
9. Kidnapper. (8)
10. Pledging. (8)

- Down
1. Northlight. (8)
2. Knave. (8)
3. In troupe. (4)
4. Power. (4)
5. Actor. (4)
6. O. G. (4)
7. O. G. (4)
8. O. G. (4)
9. O. G. (4)
10. Sound of anguish. (4)
11. Fearful. (8)
12. Tyler of old. (8)

CHESS

By LEONARD BARDEN



From actual play: (White to move and win.)
Solution No. 4364: 1. Q-Q5 (threat 2. K-R12); 2. K-R12 ch; 3. P-R3 ch; 4. K-R12 ch; 5. P-R3 ch; 6. K-R12 ch; 7. P-R3 ch; 8. K-R12 ch; 9. P-R3 ch; 10. K-R12 ch; 11. P-R3 ch; 12. K-R12 ch; 13. P-R3 ch; 14. K-R12 ch; 15. P-R3 ch; 16. K-R12 ch; 17. P-R3 ch; 18. K-R12 ch; 19. P-R3 ch; 20. K-R12 ch; 21. P-R3 ch; 22. K-R12 ch; 23. P-R3 ch; 24. K-R12 ch; 25. P-R3 ch; 26. K-R12 ch; 27. P-R3 ch; 28. K-R12 ch; 29. P-R3 ch; 30. K-R12 ch; 31. P-R3 ch; 32. K-R12 ch; 33. P-R3 ch; 34. K-R12 ch; 35. P-R3 ch; 36. K-R12 ch; 37. P-R3 ch; 38. K-R12 ch; 39. P-R3 ch; 40. K-R12 ch; 41. P-R3 ch; 42. K-R12 ch; 43. P-R3 ch; 44. K-R12 ch; 45. P-R3 ch; 46. K-R12 ch; 47. P-R3 ch; 48. K-R12 ch; 49. P-R3 ch; 50. K-R12 ch; 51. P-R3 ch; 52. K-R12 ch; 53. P-R3 ch; 54. K-R12 ch; 55. P-R3 ch; 56. K-R12 ch; 57. P-R3 ch; 58. K-R12 ch; 59. P-R3 ch; 60. K-R12 ch; 61. P-R3 ch; 62. K-R12 ch; 63. P-R3 ch; 64. K-R12 ch; 65. P-R3 ch; 66. K-R12 ch; 67. P-R3 ch; 68. K-R12 ch; 69. P-R3 ch; 70. K-R12 ch; 71. P-R3 ch; 72. 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HK BANK MEETING: CHAIRMAN'S REVIEW

(Continued from page 1)

provisions as to the security of investment, and financial procedures and restrictions, and uncertainties about the incidence and weight of taxation. I hope that this advice, coming as it does from a gathering of representatives of the government, will be given careful consideration. Foreign capital has in the past done much to assist the industrialization of many countries and continues today to increase the productivity of those that are most advanced. It is now being more generally realized that foreign investment is not necessarily tarred with the colonial brush but recent events in Indonesia have shown the disruptive effects that extreme nationalism can have on a nation's economy.

Hongkong

On the last day of the year, to the traditional sound of Chinese firecrackers, Sir Alexander and Lady Grantham left Hongkong after a governorship of over ten years. By 1947 the Colony had repaired the worst of the damage and neglect left over from the occupation and had resumed its pre-war role as an entrepot for South China but the development of the local industries, which were to provide employment for the growing number of refugees, still lay ahead. These were not easy years but amidst the numerous trials and tribulations which afflicted this part of the world, Sir Alexander stood firm and by his leadership guided the energetic people in Hongkong along the path to the thriving metropolis we now see today. Greatly assisted by his lady, he insulated members of the community with a feeling of social responsibility, which was not always to be found in earlier days, and the numerous charitable organizations in the Colony today owe much to their interest and encouragement.

The pressure of population continues to be the most serious problem facing the Colony and the concentration of such large numbers of people in the urban areas of Kowloon, places a heavy burden on all the public services and in particular on the police force. The recent marks of the Governor and the Financial Secretary on the water situation give some idea of the difficulties that have to be overcome in the provision of this basic requirement. It seems clear that even if the Shek Pik scheme on Lantau Island should prove workable, this will not be sufficient to meet the growing demand of industrial development and improved standards of housing. The government announced at the end of the year that it had appointed a firm of consulting engineers to survey certain areas in the New Territories with a view to exploring the possibility of building self-contained new towns. This proposed development will naturally take time but the necessity of housing and finding work for the large number of Chinese refugees is still a major problem. The General Assembly of the United Nations recently considered this question and appealed to member countries to give all possible assistance to alleviate distress. It would, I think, be optimistic to expect any large response to this appeal but it is naturally a regret that the situation seems likely in the future, as in the past, to be required to tackle this problem from her own resources. I hope, however, that the needs of the refugees will not be forgotten and that there will be some relief from abroad.

All the indications are that the population will continue to grow which will necessitate considerable future industrial development and I sometimes wonder whether this will be forthcoming. We have been fortunate in recent years in the inflow of capital, much of which has built up new industries, but it would be unwise to rely on this continuing indefinitely. In spite of the progress of local industries the adverse balance of trade continues to grow; granted in an entrepot this is not so reliable a guide, but the fact remains that the time may come when the "invisibles" will not be sufficient to make up the difference. If this should happen, private enterprise might not be tempted to invest to the extent that it has done in the past and a more positive approach by the government might be necessary to fill the gap. The economic position of the Colony has been so favourable in recent years, and so much praise has been expressed abroad at the progress that has been made, that it is easy to become complacent. The dangers I have hinted at may not be so far away as people like to think and it would therefore be wise to consider some preliminary planning to avoid being taken unawares.

Business activity remained at a high level throughout the

year and although there are signs of a slight contraction there seems no end to the number of new buildings springing all over the Colony and in fact the amount spent on private building last year was the highest since the war. Visitors continue to be amazed at the speed with which these are erected and even residents, after a short absence, comment on the changes that can be seen. The supply of flats for the more well-to-do members of the community has probably now reached saturation point but there is an ever-growing demand for smaller flats for the lower income groups. The recently completed North Point Estate, one of the largest state-aided housing projects in Asia, containing nearly 2,000 flats, is helping to supply part of this need. A great deal more, however, will require to be done and it is good to know that plans for further housing estates are already under way.

It was announced in November that the Royal Naval Dockyard would be closed down progressively over a period of two years. This decision has been taken as part of the British Government's recent defence policy which includes the re-organization of naval forces and their shore support throughout the world. Other dockyards are being closed in the United Kingdom and we must accept this decision. It is nevertheless a matter for regret, as not only has the problem of the re-employment of the workers but it must inevitably weaken to a certain extent the close connection which has existed for so long between Hongkong and the Senior Service.

On the recommendation of Sir Alexander Grantham, a committee has been formed, composed of members representing the trade and industry, to consider the advisability of setting up a Federation of Hongkong Industries. This organization, it is hoped, will assist with industrial problems of management, training and overseas trade relations. Technical training is a most important adjunct to modern industrial development and Hongkong's new technical college was opened in the last year. It is hoped that in a few years this will be one of the finest technical colleges in this part of the world.

Hongkong's Trade

Hongkong's trade in 1957 was higher in total than that of the previous year but this was due to a rise in imports as exports showed a slight decline. Total trade was around HK\$9,000 millions with imports at HK\$5,000 millions and exports at HK\$4,000 millions. China remained the principal source of the Colony's imports followed by Japan and the United Kingdom. Exports to Indonesia, Thailand, Japan and South Korea were much reduced and increases to other areas, including the United Kingdom and the United States, were not sufficient to offset this loss.

Exports of Hongkong products at nearly HK\$794 millions represented a small increase over the figure for 1956. The United Kingdom continued to be the largest customer but purchases of local products by the United States increased by almost 100 per cent, a large part of which was due to the efforts of the garment industry. Although the registration of new factories showed a fall, local industry is becoming more diverse and new lines continue to be actively developed. Business on the Stock Exchange showed a similar trend to last year, with a decrease of about 30 per cent over the year. Considering the sharp fall in security values that have taken place throughout the world, the market on the whole stood up very well. Land values remained fairly steady although prices in certain parts of Kowloon continued to rise. There are no longer so many first class sites available in the central district and this has caused buyers to turn to smaller properties, many of which are old and are long overdue for rebuilding.

The bank clearing figures for the year increased by about 11 per cent and reached a total of nearly HK\$17,000 millions, to come close to the record figure of 1951. Increasing velocity of circulation has been much in the news recently in the United Kingdom. It is interesting to note that in the last two years, here in Hongkong, a similar trend has been evident.

Finances Of HK

The financial position of the Colony continues to be very satisfactory and a surplus of just over HK\$1 million for the current year is now estimated as opposed to the original deficit of HK\$24 millions. Even this revision seems to be an underestimate and the Financial Secretary considers it likely that the final result will show a much larger surplus. For the financial year 1958/59 revenue is expected to remain at about the previous year's level but expenditure shows a considerable increase, and a deficit

of HK\$87 millions is estimated. The provision for public works, recurrent at HK\$183 millions is the main reason for this rise, including as it does expenditure on new schools, hospitals, reservoirs and the airport. It is notoriously difficult to estimate accurately expenditure under this heading but, even if all this money is in fact spent, the Financial Secretary considered it perfectly sound to finance this capital expenditure out of reserves and no increase was made in taxation.

At the meeting of the Legislative Council at which the Budget was presented, the Governor announced that the Secretary of State for the Colonies had further relaxed the financial control which he exercised over Hongkong and that the annual estimates and supplementary provisions were no longer required for approval. "This is a very important and considerable extension of our financial independence" as the Governor pointed out but I think that when one considers the conservative way in which our finances have been managed over the last few years there should be no cause for anxiety.

China

On looking back over the events in China during the past year it is clear that a number of stresses have developed both political and economic. Evidence of this is not difficult to obtain and a study confined to official pronouncements could only lead to the same conclusion. Indeed it would be surprising if it had gone smoothly when one considers the profound changes that have taken place in the whole Chinese way of life in such a short time, with the collectivization of the farms and the great strides that have been made in industrial development. A policy of such rapid growth must rely on a considerable degree of austerity in the present for the sake of the future, and is bound to lead to doubts among certain sections of the population; the extent of these doubts became evident when the much publicized speech of Chairman Mao Tse-tung, indicating that a greater degree of freedom of expression was to be allowed, touched off a wave of critical comment. This period did not last very long and soon press reports from Peking were once again full of confessions by counter-revolutionaries while it became clear that a campaign against "rightists" was actively under way. The extent of the criticism was no doubt embarrassing to the government but there is no evidence to suggest that it has in any way changed the declared policy of pushing ahead at as rapid a pace as possible with the industrialization of the country. This remains a conviction, which I am convinced, will be carried out resolutely and will be limited much more by the results of the harvest than by the opinions of disaffected groups. It may be able to play the part allotted to it as nature will continue, as in the past, to be a dominant influence. If this should prove to be the case the part of the national government in the development of the country may require to be smaller but there seems no doubt that it will still continue to be a sizable force.

The higher targets which were decided upon after the bumper harvest of 1955 proved too great a strain on the country's economy when last year's crops did not come up to expectation. The government's allocation for economic construction in the budget was one of the signs that the authorities appreciated that the pace was too swift, while a number of official pronouncements show that it was realized that many of the targets were too ambitious. The shortage of food has been the subject of much comment in the Chinese press and in December pork joined grain, vegetable oils and cotton cloth as a rationed commodity. Speculators, laxity of officials and errors of judgment are all blamed for the present state of affairs but the problem of a balanced distribution of food in a country the size of China, particularly subject to the vagaries of the weather, would seem to be insoluble. Mistakes in the running of collective farms are now being freely admitted, and agricultural development seems likely to be concentrated on improving on the existing model without as yet the introduction of mechanical aids. In an endeavour to raise the standards of rural conditions the movement of government employees from the towns to the countryside is being vigorously directed.

It is against this background that the decision of the United Kingdom and other governments to bring the list of goods which may be exported to China into line with the Russian list must be viewed. In association with British merchants interested in the China trade, we have been urging this relaxation

for some time and we are happy to see that action has now been taken. It would, however, be unwise to expect any great immediate benefit but the visits of both the Parliamentary Secretary to the Board of Trade to China and the Chinese Economic and Technical Mission to the United Kingdom have, I hope, laid the foundations on which a growing exchange of goods may be based. The present volume of British trade with China is not very large and there would seem to be no reason why this should not be materially increased, even if a slowing down in development in China should be found necessary.

The period of the first five-year plan has now ended and it is claimed that industrial output greatly exceeds the original estimate. This, I think, most likely as considerable strides have been made in the production of steel, coal, electric power and cement, to take a few examples, while the bridge at Wuhan, the first to span the Yangtze, is not only a considerable engineering achievement but a link between north and south. There are, however, signs that the pace has been uneven—too fast in some directions and too slow in others. The industrial expansion, production being slowed down. Action aimed at the elimination of these bottlenecks would seem to deserve high priority in the next five-year plan.

Japan

In our review last year I was able to report that Japan had a satisfactory year of economic expansion despite considerable political difficulties. This year the reverse seems to be true, as Japan has experienced a year of economic stagnation. Evidence of this is not difficult to obtain and a study confined to official pronouncements could only lead to the same conclusion. Indeed it would be surprising if it had gone smoothly when one considers the profound changes that have taken place in the whole Japanese way of life in such a short time, with the collectivization of the farms and the great strides that have been made in industrial development. A policy of such rapid growth must rely on a considerable degree of austerity in the present for the sake of the future, and is bound to lead to doubts among certain sections of the population; the extent of these doubts became evident when the much publicized speech of Chairman Mao Tse-tung, indicating that a greater degree of freedom of expression was to be allowed, touched off a wave of critical comment. This period did not last very long and soon press reports from Peking were once again full of confessions by counter-revolutionaries while it became clear that a campaign against "rightists" was actively under way. The extent of the criticism was no doubt embarrassing to the government but there is no evidence to suggest that it has in any way changed the declared policy of pushing ahead at as rapid a pace as possible with the industrialization of the country. This remains a conviction, which I am convinced, will be carried out resolutely and will be limited much more by the results of the harvest than by the opinions of disaffected groups. It may be able to play the part allotted to it as nature will continue, as in the past, to be a dominant influence. If this should prove to be the case the part of the national government in the development of the country may require to be smaller but there seems no doubt that it will still continue to be a sizable force.

The sudden death of President Maguiness in the early part of the year was a severe blow to the people of the Philippines where he was greatly loved and respected. This tragedy, coming as it did in election year, made the contest more open but the Nacionalista Party were once again successful in the presidency although they lost the vice-presidency to the Liberal Party. President Carlos P. Garcia and Vice-President Diosdado Macapagal were duly inaugurated on 30th December and they have assumed office at a critical time in the affairs of the young republic. This is mainly due to the deteriorating economic situation and the new administration are faced with a number of very grave problems. To quote from the National Address these comprise "food insufficiency, unemployment, rising prices, dwindling international reserves, decreasing revenue collections and increasing budgetary requirements." This is indeed a formidable list and a reduction in consumption would seem to be an essential ingredient for any medicine that is prescribed. Certain steps to this end have already been taken. The redoubtable list was raised in September from 2 per cent to 4½ per cent and in December importers were required to deposit cash margins—in some cases up to 200 per cent—before their goods could be released and these were restricted to essential commodities. Without the repeal of the "No-Dollar Import Law", which permits barrier trade, the monetary authorities are unable to handle the flood of dollars which is being poured into the country. It is not so easy to turn off the tap. It may be that some measures adopted so far will not be taken in time but, with the danger of unemployment always present, it is not surprising that the monetary authorities are sparing in the

use of the deflationary weapon lest the cure be worse than the disease. Taking everything into account, it seems likely that Japan's economy will continue for some time to be subject to considerable variations unless there is renewed and sustained world economic expansion.

The political situation remained uneventful during the year and very little positive action was taken in internal affairs apart from the financial measures already mentioned. Mr. Kishi retained the cabinet he inherited from his predecessor until July but, when the new cabinet was formed, it bore signs of the usual compromise between the different factions within the various personal loyalties. The Prime Minister was absent from Japan for a large part of the year making two tours of Asia and visiting the United States and Australia. During these tours he proposed a new plan for a South-East Asian Development Fund, which was given a mixed reception. This plan was somewhat vague in outline but the original intention was to set up a fund in U.S. currency available for the supply of industrial equipment from Japan to South-East Asia when it became clear that U.S. currency was unlikely to be forthcoming a yen fund was proposed. Time alone will tell how valuable these tours were but the signing of the peace treaty with Indonesia and the settlement of the reparations issue gave a successful outcome to the last two years successfully concluded with Russia in December but although the Japanese have followed the United Kingdom in their relaxation of the embargo on trade with China, the progress in the negotiations with that country was slow and trade in fact fell off. Arrangements have recently been announced for the sale by Japan of steel products to China in exchange for food and other goods. The fulfilment of this traditional trade must be in the interests of both countries. Rearmament still remains far from popular and although the Constitutional Research Council has been formed the opposition of the Socialists makes it unlikely that the controversial article in the Constitution, relating to rearmament, will be revised in the near future. Japan's election to the Security Council will, however, enable her to press more vigorously her objections to the holding of nuclear tests in the Pacific.

Now that she is once again a member of international organizations, Japan has been feeling her way searching for a policy which will suit her particular geographical position and satisfy her needs for export markets. For this reason I do not think that the last has been heard of the South-East Asian Development Fund.

Philippines

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surprising that the suggestion for a devolution of the peso is finding a growing number of adherents and it is true that by many standards the currency is overvalued. Nevertheless it does not seem to me that devaluation of itself is the answer to the problem and in fact there is the danger that once tried there will be the temptation to repeat the experiment. The immediate necessity is the implementation of a strict fiscal and monetary policy to drain the inflation out of the economy and curb unnecessary expenditure. Once the inflationary tendencies begin to weaken then the time might come to reconsider whether the present value of the peso was advantageous to the country as a whole but this should be decided upon as a matter of deliberate policy and not as a rescue operation.

Vietnam

The Republic of Vietnam has now achieved a considerable degree of political stability and what might be described as the first stage in the task of reconstruction is almost completed. Great credit for rescuing the country from the disturbed conditions which previously existed is due to the President, Ngo Dinh Diem, and his administration, in which for many years American advice and assistance has greatly contributed. Consolidation will be the next step and this may prove more difficult, requiring as it will the stabilisation of the present political structure and the building up of a viable and independent economy.

Imports during the year have continued at a high level and the market is heavily overstocked. There is no doubt that import licences were granted on too lavish a scale but the tight money conditions caused by the delay in utilising counterpart funds has greatly hampered sales. These counterpart funds are obtained by the government under the American Aid programme and can only be utilised on approved projects. Unfortunately delay in utilising such projects has resulted in a large amount of money still being immobilised with the Banque Nationale du Viet-Nam at a time when its use would not only improve the country's future productive capacity but by putting purchasing power back into circulation would have the immediate effect of speeding up the disposal of stocks.

More decisive action can be found in the rural areas where the improvements in farming equipment and techniques have produced higher yields, while work is proceeding on clearing highland areas and bringing more land under cultivation. Rice exports were resumed and totalled about 200,000 tons for the year but it is hoped to improve on this figure during 1958. Negotiations on reparations continue with Japan and the gap between the two sides is being narrowed. It seems likely that the building of a hydro-electric system on the Danhim river will be included in the final settlement.

Cambodia

The National Assembly has been dissolved and pending the result of the new elections a provisional cabinet has been formed. On the whole the political situation remains little changed and Cambodia continues to adopt a policy of strict neutrality. Trade increased over last year with imports and exports more in balance due to a substantial rise in exports of rice. Various light industrial projects are under consideration and efforts are being made to develop a deep-sea fishing industry in the Gulf of Siam. Clearing of the jungle to make a road from the capital to the port of Kompong Som proved more difficult than had been expected but it is hoped that this road will be completed sometime during 1958. The opening of this deep water port will lessen Cambodia's dependence on communications by the river through Viet Nam.

Thailand

The general elections which were held at the beginning of last year touched off a series of events which have somewhat changed the character of the political scene. Although the Seri Manangkasi party won a comfortable majority, the way in which the elections were run left a feeling of public dissatisfaction which grew more vocal as time went on. In September a bloodless coup d'état, led by Field Marshal Sarit Thanarat, resulted in a caretaker government being established and the withdrawal from the country of Field Marshal Phibul Songgram and General Phao Sriyongkarn. Fresh elections were held in December and a government was formed from members of the new National Socialist Party. It remains to be seen how this new party, which is

in fact a coalition of three other parties, will fare in internal politics especially as, with Field Marshal Sarit Thanarat's departure for medical treatment to the U.S.A., the three personalities who have dominated Thailand's politics for so long are for the present at least absent from the stage.

Although the import market has been somewhat overstocked, which has resulted in difficult trading conditions with some business failures, the year on the whole has not been unsatisfactory. In spite of the necessity to impose restrictions on the exports of rice during the second half of the year, the volume exported during 1957 at one and a half million tons was the highest since the war. This is unlikely to be repeated this year, as the new crop is below average, and the export of rubber, which is expected to exceed one million tons. Teak exports were considerably reduced due to competition from Burma. The budget, which was delayed by the new formation of the government, is expected to be presented shortly.

A survey mission from the International Bank is at present in Thailand to plan a long term development programme and a loan has been granted by this bank for the first stage of the Yarnhee Hydro-electric project.

Federation Of Malaya

Malayan independence was proclaimed on August 31st in a colourful ceremony in the new Merdeka Stadium in Kuala Lumpur in the presence of representatives from many nations. The Duke of Gloucester, representing the British Crown, presided over a specially bound volume containing the constitutional instrument providing for the withdrawal of British protection over the Malay States and of the Crown's sovereignty over the settlements of Malaya and Singapore. The Federation of Malaya thus became the tenth nation in the Commonwealth and subsequently was elected the eighty-second member of the United Nations. The final arrangements for the transfer were completed swiftly in a spirit of goodwill on both sides while the constitution followed to a great extent the recommendations of the Reid Report and seems to be a workable compromise which provides an opportunity for the development of domestic industry and the future of the Malay Peninsula. The Sultan of Negri Sembilan State was elected by his fellow rulers as the first Constitutional Sovereign of the Federation and at the state opening of the Legislative Assembly outlined the policy of the government. Their first duty would be to safeguard the independence of the Federation and to protect the constitution, the initial threat to which came from the Communist terrorists. The government would not disperse the resources of the country in large armed forces or an elaborate foreign service but would concentrate on home affairs and aim "to maintain confidence in the financial standing of the Federation as a field for investment at home and overseas." The Anglo-Malayan Defence and Mutual Assistance Treaty, which was signed in October, permitted the United Kingdom forces to be stationed in the Federation to assist in the defence of the country and to provide "for the fulfilment of Commonwealth and international obligations."

The Prime Minister made no alterations in his Cabinet and the Alliance Government which, under his leadership, had done so much to enable the change-over to be completed smoothly, continued to guide the destinies of the country. This was in accordance with the wishes of the majority of the population, as, although ripples of discontent could be deduced from the result of some recent elections, the country as a whole is strongly behind the present administration. The only disturbing factor has been found in some Chinese schools where the dislike of certain members of that community for some aspects of the government's education policy resulted in outbreaks of indiscipline which in some cases led to violence. It would be unreasonable to expect this honeymoon period in the political arena to last indefinitely and some more vigorous form of opposition is bound to emerge, perhaps before long. Following historical precedents, this would seem likely to come from the left, but there is hope that this may be multi-racial in character and thus avoid issues being decided on a purely racial basis.

In an effort to bring an end to the emergency the government, in September, made a final offer of an amnesty to the terrorists with the option of either remaining in the Federation or returning to China with their families. Over one hundred terrorists took advantage of this offer by the end of the year when it was due to expire and the period was extended to 30th April. There are signs of definite cracks in the terrorists' organisation and there is now more ground for

hoping that the ten-year old emergency may be ending. A White Paper was issued in the early part of the year setting out the general plan of capital and development expenditure for the period 1950-1960. This envisaged the utilisation of part of the reserves which "will require strict control over the ordinary budget to ensure that revenue is maintained at levels sufficient to protect the reserves so that they can be used to finance part of the capital budget and are not unduly depleted by deficits on the ordinary budget." Such a large extent on the price of so volatile a commodity as rubber and with future calls of the emergency, so difficult a forecast, it is unlikely to prove easy to maintain a continuing surplus of revenue. For the current year a deficit of M\$119 millions is forecast and although estimated deficits have tended not to materialise in recent years, the low price of rubber will make this more difficult this year. A separate capital budget is expected to be introduced shortly and it may be that some of the projects will be slowed down as present high interest rates make either the totalling of a loan or the selling of investments particularly unattractive.

Discussions on the formation of a central bank for the Federation have continued during the year and Mr. W. H. Wilcock, of the Commonwealth Bank of Australia, has been appointed banking adviser and is now in Kuala Lumpur. I do not think it would be appropriate to make any comment on this subject until some definite proposals are announced.

Tin And Rubber

The test of the effectiveness of the International Tin Agreement came earlier than was expected and a judgment must be reserved as to whether this experiment will prove successful. At the meeting of the International Tin Council in March, the price range was raised and due to the sympathy with other commodities, the floor price of £730 per ton was reached in October. Both the second and third contributions were subsequently called and restrictions on exports were imposed in December and the period extended in January. The price at which the manager of the buffer stock could sell was lowered and producing countries recommended to set up a special fund to be put at the disposal of the buffer stock. These measures will in time reduce the supply but meanwhile the pipeline has to be cleared and this increased exports from Malaya. Exports were higher than the previous year and exceeded one million tons. The most notable feature was the considerable rise in exports to Japan.

Both production and export decreased slightly compared with 1956. The price of rubber declined slowly during the year and averaged for 1957 around 87½ cents compared with 97½ cents in 1956. In spite of the downward tendency doubts about the arrival of stocks from Indonesia caused a sharp temporary rise in December and the price continued to make its influence felt. Exports were higher than the previous year and exceeded one million tons. The most notable feature was the considerable rise in exports to Japan.

Singapore

The talks in London last year were successfully concluded and the way is now clear for the granting of the new constitution to the State of Singapore and the holding of elections for the fifty-one member Legislative Assembly. Any doubts which existed concerning the attitude of the government to the United Kingdom in this connection should have been allayed by the assurance given by Mr. Macmillan in his recent visit. Registration of citizenship under the recently enacted ordinance which provides automatic citizenship for those born in Singapore, with residual qualifications for others, has recently been completed and the new electoral rolls are being prepared. The new constitution will provide for full internal self-government with the sole responsibility for maintaining law and order and preserving internal security resting with the United Kingdom but the United Kingdom will look after external relations and defence and will have the right to the use of bases in the island. A consultative body, the Singapore Internal Security Council, will be established with certain advisory powers, composed of three members each from Singapore and the United Kingdom and one from the United States. It is hoped that this body will iron out any difficulties that may arise due to the inter-relationship of internal security and external defence.

(Contd. on page 9, col. 1)

ANOTHER GOOD YEAR

(Continued from page 8)

In view of this impending change in the form of the administration, it is not surprising that disturbances in Chinese schools and strikes in the docks and among the telephone workers have attracted considerable attention abroad. Many shareholders are no doubt wondering what the future course of events will be but although I do not propose to attempt to give any forecast, there are a few significant pointers which I will mention. In August a White Paper was issued showing the extent of Communist activity and penetration in unions and political parties which was becoming a serious threat to the maintenance of law and order. At the same time, a series of arrests of active subversionists was made which was followed a few weeks later by the detention of a number of students, these strong measures had their effect, and conditions in the schools and relations with labour have greatly improved. The City Council elections were held in December, at which only a third of the eligible members were elected, and resulted in a sharp swing to the left. The behaviour of the supporters of some of the delegates in the early sessions certainly hardly augured well for the smooth working of democratic government, but recent meetings have been quieter and there are signs that the Council are now getting down to business. It is not difficult to find cause for misgiving from some of the recent events, but I think, be it said, that the Council are now getting down to business. It is not difficult to find cause for misgiving from some of the recent events, but I think, be it said, that the Council are now getting down to business. It is not difficult to find cause for misgiving from some of the recent events, but I think, be it said, that the Council are now getting down to business.

In what seems likely to be his last budget address, the Financial Secretary, Mr. T. M. Hart, looked back on what has been achieved in Singapore since the war. During this period \$500 million have been expended on development by the government and the City Council and recurrent expenditure is now more than four times what it was in 1947. A large part of this increase is due to the ever growing demands of education, public health and social welfare but the organisation of the police force to its present high state of efficiency has not been achieved without cost. In spite of all that has been done, development must still go on and it will not be as easy in the future as in the past to obtain the required capital from either surplus revenue or institutional investors. Already the government are relying to a large extent on loans from the Central Provident Fund Board, which are naturally limited in amount, and for this reason the pace of future development is likely to be increasingly governed by financial considerations. This will necessitate a degree of co-ordination and the government have set up a Planning Committee to integrate development plans of the various authorities to the extent of the funds available. The current position is not unsatisfactory and increases in taxation this year were confined to the raising of the petrol duty to the same level as that of the Federation and a few minor adjustments but a rise in taxation must be looked for in the future. In fact, it seems likely that some new forms of taxation may be introduced shortly and although this is no doubt inevitable, I hope that these will not include any measures which will damage the free port status.

North Borneo

The racial problem across the sea is not without its influence on North Borneo, where the administration are more conscious of the fact that the Chinese labour which could be so beneficial to future development. The Governor, in his annual report to the Legislative Council, made it clear that "there is no intention of sacrificing the future to our present needs." Under existing conditions I should hesitate to criticise such a decision but it will inevitably result in progress being slow, which is naturally disappointing to all interested in trading conditions in this area. In Jesselton the building programme has gathered momentum and projects completed during the year include the new market, new government offices and an up-to-date hospital. In Tawau, development of the Quoin Hill area should in time decrease the dependence of the port on the hinterland while in Sandakan the construction of new buildings and roads is being pushed ahead. In Labuan there is little sign, as yet, of expansion but the new Shell installation has been completed which will be the main distribution depot for North Borneo. Trade continued at about the same level as in 1956, and for the first time timber and copra exports combined exceeded rubber in value.

Both the Governor of North Borneo and the Governor of Sarawak have recently broadcast a suggestion that their two territories together with Brunei should be placed under a form of closer association. No concrete proposals have been put forward and for the present all that is being attempted is to ascertain whether there exist common elements in favour of federation sufficiently substantial to make it workable. It will be interesting to see how the people of these territories react to the proposed federation.

Brunei

Draft constitutional proposals were announced by the Sultan providing for the replacement of the State Council by the Privy Council, Executive Council, and a new Legislative Council. Unofficial members of the Legislative Council will be nominated, but the majority of these will be elected by the District Councils. This proposed constitution seems to have received general support but it is strongly opposed by the Peoples Party.

The State continues to be in a very happy financial position. The surplus for 1957 is expected to be \$3.08 millions and investments total \$4.45 millions.

A considerable amount of building is in progress and the trunk road connecting the capital with the oilfields is expected to be completed by September of this year.

Indonesia

Indonesia has passed through troubled times since my last report and, whatever the outcome, it is difficult to see much hope of improved trading conditions in the immediate future. The lack of agreement between influential political figures in the capital steadily weakened the control of the central government over the outer islands where many of the local commanders to a large extent acted independently, merchandising local products to pay and supply their troops. This not only made the chances of any political settlement more difficult but deprived the central government of the revenue and the foreign exchange which would normally have accrued to them. As a result the economic situation deteriorated rapidly with an increase in the money rate steadily rising government borrowing from the Bank Indonesia and a dwindling of the foreign exchange reserves. These tendencies, which had been evident since the end of 1956, during the year, gathered momentum in December when it was decided to expel the Dutch in whose hands so much of the country's trade still remained. The disruption of coastal shipping which followed this move was particularly serious matter. Many leading personalities in Indonesia expressed doubts about the wisdom of this action, which was in fact less strictly enforced in the outer islands, and relations between Java and the rest of Indonesia continued to deteriorate. Although political differences played a large part in the growing dissension, the main cause has been economic. Java with its large population has always required more of the country's resources than she has been able to contribute and although this is to a certain extent inevitable, the outer islands have felt that they were not getting their fair share. What- ever the outcome of recent events may be it seems clear that the previous method by which foreign exchange resources were allocated is unlikely to be resumed. Meanwhile, the trade of various types enables necessary supplies to be obtained but the terms of a great deal of this trade are far from favourable and do not benefit the economy of the islands as a whole.

India

In August, India completed the first decade as an independent country during which period she has developed a considerable degree of political maturity and now exercises a profound influence on neighbouring Asian countries. The elections resulted in the expected victory of the Congress

Party, although they suffered a number of setbacks, particularly in Kerala where a Communist administration took office. This has necessitated certain problems of adjustment at the centre but the Congress supremacy over the country as a whole has not been seriously challenged. Relations with Pakistan unfortunately show no signs of improvement, with the Kashmir problem still outstanding and the dispute over the Irrigation rights in the Indus valley no nearer solution. Trouble still continues on the border of Goa but a settlement has been reached in respect of the Naga areas. On the whole, the political scene shows little change.

The most conspicuous feature of the economic scene has been the steady deterioration in the foreign exchange reserves. When the Second Five-year Plan was drawn up it was anticipated that there would be a foreign exchange gap which would develop towards the middle of the period and it was hoped to meet this by borrowing abroad. Due to a large number of factors, however, the drawing down of the sterling balances occurred earlier than was expected and in fact the rapid decrease during the summer was one of the strains which resulted in the weakening of sterling. In spite of a loan in US currency from the International Monetary Fund of the equivalent of \$45 millions, the sterling balances dropped from \$400 millions at the end of 1956 to \$220 millions at the end of 1957, which is a very serious situation. In October it was in fact found necessary to reduce the foreign assets which were required by statute to be held by the Reserve Bank of India. This was India's first step towards a devaluation of the rupee, which should occur at a time when capital was in short supply and it soon became obvious that assistance would be difficult to obtain. The amount required seems likely to be considerable, as even after paring down the rupee to its bare essentials and discarding all the frills it is still expected that there will be a shortfall on external account of over \$500 millions. Recently the US Government has announced a loan of approximately \$200 millions and has promised to provide for the purchase of Indian products, while other countries will grant credit on a smaller scale. As a result, the immediate outlook is more promising but the problem of providing sufficient food for internal consumption still gives cause for concern. It had been hoped that food imports were a thing of the past but the harvests have not come up to expectation nor has production increased fast enough to meet the increased demand and it has been found necessary at times to use valuable foreign exchange for the import of food. Imports of other commodities have been cut to the bone and all types of expenditure requiring the use of foreign exchange are being rigorously curtailed.

Burma

Burma also recently celebrated the tenth anniversary of the attainment of independence and this coincided with a growing improvement in the internal situation. It had been clear for some time that the restoration of law and order must take precedence over economic development and in June the Prime Minister, U Nu, promised that in future this would be his government's policy. The increased expenditure in the budget on the police and defence was practical action along these lines while the surrender of several regional commanders of the terrorists with their followers was evidence that the more vigorous measures adopted were having their effect. Little progress, however, was made in the border dispute with China over territories in the Kachin State.

The general financial outlook is far from promising. The foreign exchange reserves fell from \$40 millions to \$20 millions in the first half of 1957, while the fall in the world price of the rice crop in certain areas will result in the exportable surplus being only a little over half of the two-million tons shipped last year. Peak output which was running at about 50 per cent over the previous year's figures is expected to continue to improve and export increased by about one-fifth. The fall in the world price of the rice crop in certain areas will result in the exportable surplus being only a little over half of the two-million tons shipped last year. Peak output which was running at about 50 per cent over the previous year's figures is expected to continue to improve and export increased by about one-fifth. The fall in the world price of the rice crop in certain areas will result in the exportable surplus being only a little over half of the two-million tons shipped last year. Peak output which was running at about 50 per cent over the previous year's figures is expected to continue to improve and export increased by about one-fifth.

The semi-governmental organisations which I mentioned last year now handle a large part of the import trade and were set up with the intention of reducing the cost of living. In this they have had a limited success as although some prices have fallen the general level of prices has not fallen as much as was hoped. The government are working hard until it is clear that the terrorists' organisation has been broken the pace of future development may be slow but a favourable rice crop this year would alter the economic outlook very rapidly.

Although it has not been found possible to push ahead with industrialisation with as rapid a speed as was once hoped, quite a large number of projects have been completed and the joint venture arrangements between foreign concerns and the government are working well. Until it is clear that the terrorists' organisation has been broken the pace of future development may be slow but a favourable rice crop this year would alter the economic outlook very rapidly.

During the year the government were able to implement a number of their election promises. The British bases were handed back, a compromise was reached on the language issue and a select committee was set up to examine the question of revising the constitution. Front the third anniversary of the attainment of independence, however, and the political situation uneasy with considerable rivalry between the various groups which make up the People's United Front. This has mitigated against resolute action being taken to deal with some of the outstanding problems, the most important of which is the continuing labour unrest, particularly in the port of Colombo. The movement of exports has naturally been hampered and the delays in the port have caused a number of ships to

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In August, India completed the first decade as an independent country during which period she has developed a considerable degree of political maturity and now exercises a profound influence on neighbouring Asian countries. The elections resulted in the expected victory of the Congress

Party, although they suffered a number of setbacks, particularly in Kerala where a Communist administration took office. This has necessitated certain problems of adjustment at the centre but the Congress supremacy over the country as a whole has not been seriously challenged. Relations with Pakistan unfortunately show no signs of improvement, with the Kashmir problem still outstanding and the dispute over the Irrigation rights in the Indus valley no nearer solution. Trouble still continues on the border of Goa but a settlement has been reached in respect of the Naga areas. On the whole, the political scene shows little change.

The most conspicuous feature of the economic scene has been the steady deterioration in the foreign exchange reserves. When the Second Five-year Plan was drawn up it was anticipated that there would be a foreign exchange gap which would develop towards the middle of the period and it was hoped to meet this by borrowing abroad. Due to a large number of factors, however, the drawing down of the sterling balances occurred earlier than was expected and in fact the rapid decrease during the summer was one of the strains which resulted in the weakening of sterling. In spite of a loan in US currency from the International Monetary Fund of the equivalent of \$45 millions, the sterling balances dropped from \$400 millions at the end of 1956 to \$220 millions at the end of 1957, which is a very serious situation. In October it was in fact found necessary to reduce the foreign assets which were required by statute to be held by the Reserve Bank of India. This was India's first step towards a devaluation of the rupee, which should occur at a time when capital was in short supply and it soon became obvious that assistance would be difficult to obtain. The amount required seems likely to be considerable, as even after paring down the rupee to its bare essentials and discarding all the frills it is still expected that there will be a shortfall on external account of over \$500 millions. Recently the US Government has announced a loan of approximately \$200 millions and has promised to provide for the purchase of Indian products, while other countries will grant credit on a smaller scale. As a result, the immediate outlook is more promising but the problem of providing sufficient food for internal consumption still gives cause for concern. It had been hoped that food imports were a thing of the past but the harvests have not come up to expectation nor has production increased fast enough to meet the increased demand and it has been found necessary at times to use valuable foreign exchange for the import of food. Imports of other commodities have been cut to the bone and all types of expenditure requiring the use of foreign exchange are being rigorously curtailed.

Burma

Burma also recently celebrated the tenth anniversary of the attainment of independence and this coincided with a growing improvement in the internal situation. It had been clear for some time that the restoration of law and order must take precedence over economic development and in June the Prime Minister, U Nu, promised that in future this would be his government's policy. The increased expenditure in the budget on the police and defence was practical action along these lines while the surrender of several regional commanders of the terrorists with their followers was evidence that the more vigorous measures adopted were having their effect. Little progress, however, was made in the border dispute with China over territories in the Kachin State.

The general financial outlook is far from promising. The foreign exchange reserves fell from \$40 millions to \$20 millions in the first half of 1957, while the fall in the world price of the rice crop in certain areas will result in the exportable surplus being only a little over half of the two-million tons shipped last year. Peak output which was running at about 50 per cent over the previous year's figures is expected to continue to improve and export increased by about one-fifth. The fall in the world price of the rice crop in certain areas will result in the exportable surplus being only a little over half of the two-million tons shipped last year. Peak output which was running at about 50 per cent over the previous year's figures is expected to continue to improve and export increased by about one-fifth.

The semi-governmental organisations which I mentioned last year now handle a large part of the import trade and were set up with the intention of reducing the cost of living. In this they have had a limited success as although some prices have fallen the general level of prices has not fallen as much as was hoped. The government are working hard until it is clear that the terrorists' organisation has been broken the pace of future development may be slow but a favourable rice crop this year would alter the economic outlook very rapidly.

Although it has not been found possible to push ahead with industrialisation with as rapid a speed as was once hoped, quite a large number of projects have been completed and the joint venture arrangements between foreign concerns and the government are working well. Until it is clear that the terrorists' organisation has been broken the pace of future development may be slow but a favourable rice crop this year would alter the economic outlook very rapidly.

During the year the government were able to implement a number of their election promises. The British bases were handed back, a compromise was reached on the language issue and a select committee was set up to examine the question of revising the constitution. Front the third anniversary of the attainment of independence, however, and the political situation uneasy with considerable rivalry between the various groups which make up the People's United Front. This has mitigated against resolute action being taken to deal with some of the outstanding problems, the most important of which is the continuing labour unrest, particularly in the port of Colombo. The movement of exports has naturally been hampered and the delays in the port have caused a number of ships to

be stranded in the harbour. The situation is not without its influence on North Borneo, where the administration are more conscious of the fact that the Chinese labour which could be so beneficial to future development. The Governor, in his annual report to the Legislative Council, made it clear that "there is no intention of sacrificing the future to our present needs." Under existing conditions I should hesitate to criticise such a decision but it will inevitably result in progress being slow, which is naturally disappointing to all interested in trading conditions in this area. In Jesselton the building programme has gathered momentum and projects completed during the year include the new market, new government offices and an up-to-date hospital. In Tawau, development of the Quoin Hill area should in time decrease the dependence of the port on the hinterland while in Sandakan the construction of new buildings and roads is being pushed ahead. In Labuan there is little sign, as yet, of expansion but the new Shell installation has been completed which will be the main distribution depot for North Borneo. Trade continued at about the same level as in 1956, and for the first time timber and copra exports combined exceeded rubber in value.

Both the Governor of North Borneo and the Governor of Sarawak have recently broadcast a suggestion that their two territories together with Brunei should be placed under a form of closer association. No concrete proposals have been put forward and for the present all that is being attempted is to ascertain whether there exist common elements in favour of federation sufficiently substantial to make it workable. It will be interesting to see how the people of these territories react to the proposed federation.

Indonesia

Indonesia has passed through troubled times since my last report and, whatever the outcome, it is difficult to see much hope of improved trading conditions in the immediate future. The lack of agreement between influential political figures in the capital steadily weakened the control of the central government over the outer islands where many of the local commanders to a large extent acted independently, merchandising local products to pay and supply their troops. This not only made the chances of any political settlement more difficult but deprived the central government of the revenue and the foreign exchange which would normally have accrued to them. As a result the economic situation deteriorated rapidly with an increase in the money rate steadily rising government borrowing from the Bank Indonesia and a dwindling of the foreign exchange reserves. These tendencies, which had been evident since the end of 1956, during the year, gathered momentum in December when it was decided to expel the Dutch in whose hands so much of the country's trade still remained. The disruption of coastal shipping which followed this move was particularly serious matter. Many leading personalities in Indonesia expressed doubts about the wisdom of this action, which was in fact less strictly enforced in the outer islands, and relations between Java and the rest of Indonesia continued to deteriorate. Although political differences played a large part in the growing dissension, the main cause has been economic. Java with its large population has always required more of the country's resources than she has been able to contribute and although this is to a certain extent inevitable, the outer islands have felt that they were not getting their fair share. What- ever the outcome of recent events may be it seems clear that the previous method by which foreign exchange resources were allocated is unlikely to be resumed. Meanwhile, the trade of various types enables necessary supplies to be obtained but the terms of a great deal of this trade are far from favourable and do not benefit the economy of the islands as a whole.

In August, India completed the first decade as an independent country during which period she has developed a considerable degree of political maturity and now exercises a profound influence on neighbouring Asian countries. The elections resulted in the expected victory of the Congress

HONGKONG BANK CHAIRMAN SAYS:

ECONOMIC CONDITIONS IN MANY EASTERN NATIONS UNSATISFACTORY

At the Annual General Meeting this morning, Mr. C. Blaker, Chairman of the Hongkong and Shanghai Banking Corporation, said that on the whole economic conditions in many Eastern territories had been unfavourable but that on the whole the year had been a satisfactory one.

The profit for the year was a record, amounting to \$21,035,543 which was \$400,000 over the previous year.

Mr. F. A. Nixon, seconding the adoption of the report and accounts, congratulated the bank's administration on the "very satisfactory state of affairs."

Addressing shareholders, the Chairman said:

As you will see from the accounts before you the profit for the year amounts to \$21,035,543, which is an increase of \$400,000 over last year's figure. In accordance with our normal practice this profit has been arrived at after making transfers to the credit of our inner reserves out of which full provision has been made for the depreciation in value of our investments and all known doubtful debts and contingencies.

It is proposed that a sum of \$4,000,000 should again be written off Bank premises and, after allowing for this transfer and the interim dividend of \$2 per share, the directors recommend the payment of a final dividend of \$11.25, per share, leaving a balance of just over \$2,000,000 to be carried forward to next year. As approved by shareholders at the Extraordinary General Meeting held in August, the capital of the Bank was increased from \$25,000,000 to \$50,000,000 by the distribution to shareholders of 200,000 new shares of \$125 each, credited as fully paid up. This final dividend is, of course, payable on the increased capital and the actual amount which it is proposed to distribute by way of dividend is increased by \$800,000 over the previous year. The reduction in the carry forward is due to the transfer during the year of \$9,000,000 to the Reserve Fund as part of the operation to capitalise part of the Reserve Fund in connection with the new issue of capital.

Capital Account

Turning to the balance sheet, the Capital Account shows the increase which I have just mentioned but the Reserve Fund remains unchanged at \$12,000,000 due to the transfer of \$9,000,000 from the Profit and Loss Account and \$10,000,000 from Inner Reserves. Hongkong currency notes in circulation show an increase of \$10,000,000 due to the issue of the new \$100 and \$500 notes and this increase is reflected in the other side of the Balance Sheet by a similar increase in Hongkong Government Certificates of Indebtedness. Current Deposits and Other Accounts show a rise of \$131,000,000 mainly due to higher Fixed Deposits. Acceptances on behalf of Customers show an increase and the total has now exceeded the figure of two years ago.

When we turn to the Assets side of the Balance Sheet, we find the ratio of really realisable assets to the total liabilities has risen by 4 per cent to just under 49 per cent. Both Cash in Hand and Money at Call and Short Notice are higher than last year but the main changes are to be observed in the British and Other Government Treasury Bills Discounted, the former increasing by \$24,000,000 while the latter decreased by \$110,000,000. Advances also show a slight decrease and it can be seen that a large part of our increased deposits have been utilised in Treasury Bills as opposed to the financing of trade. This is unfortunately a sign of the generally lower commodity prices and the slackening of trade in the areas in which we operate.

Satisfactory

On the whole we can look back on a satisfactory year but as shareholders will see from the printed Statement, economic conditions in many of these eastern territories have been unfavourable and the immediate outlook can only be regarded as uncertain. It remains to be seen whether the coming year will prove as profitable as the last but it would be reasonable to hope that we may not find it necessary to allocate any further sums for the purpose of writing down our investments in Government securities, which has been such a disturbing feature of the last few years. Before I leave the Balance Sheet I should like to say how pleased your Directors are that

the arrangements for the abolition of the contingent liability of shareholders were satisfactorily concluded during the year. Due to the fact that the Bank is incorporated under a special Hongkong ordinance and we are responsible for issuing such a large part of the Colony's currency the necessary steps to abolish the contingent liability required authorisation by the Hongkong Government and the Secretary of State for the Colonies. I should like to thank the various officials who were concerned in these negotiations, for the ready response they gave to our application, which resulted in the satisfactory conclusion of the operation, entailing as it did a certain degree of delicate timing.

The Balance Sheet of our Californian subsidiary, which is included in the accounts before you, shows signs of steady growth and the new office in Los Angeles got off to a good start.

New Office

During the year we opened a new office in Sarawak, and arrangements are being made to open an office in Kuching in Sarawak. In view of the disturbed conditions in Indonesia we have decided to close our office in Surabaya. Although this office was opened in 1956 and for a time, prior to the last war, a valuable connection, business recently has been falling off.

The changes in the Board of Directors during the year are shown in the Report which is in your hands and I will make no further comment on them.

Mr. G. R. Roper-Caldbeck joined the London Committee during the year and Mr. W. Perry Aldworth, Senior London Manager, was appointed Deputy Chairman.

I should like to take this opportunity of congratulating the Chief Manager, Mr. Michael W. Turner, on the honours which His Majesty The Queen recently conferred on him. I am sure you will all agree that this award was richly deserved and was some recognition of the hard work he has put in, not only for the Bank but in general in the service of the Colony. Our thanks are also due to the branch managers and the staff for their continued loyalty and efficient service to the Bank.

Before I close there are two matters of local interest to us here in Hongkong which I should like to mention. I should like to mention the first place I should like to say how pleased we all are that Sir Robert Black has returned to the Colony as Governor. Sir Robert is well known to most of us in this room and I am sure you will join with me in wishing him a long and successful period as governor. The second matter I wish to mention is the welcome news that the Murray Barracks area of the military lands in the West is to be surrendered to the government. This is a matter which has been discussed as long as I have been in Hongkong and in fact turning over the old Minutes of our Annual Meetings, I notice that were described as being at the "dreadful height" of the value of this area to the business community was urged on the government as a reason for its speedy surrender. Thirty-five years is a long time but it looks as if the development of this area will now become an accomplished fact.

Seconded

Mr. F. A. Nixon, in seconding the adoption of the report and accounts, said: It gives me great pleasure to rise and support the adoption of the Report and Statement of Accounts particularly as I understand that this year the profit is the highest in the Bank's history. I am sure shareholders will join me in congratulating the administration on the very satisfactory state of affairs which these accounts show and it is particularly gratifying that the Reserve Liability of Shareholders is now abolished, as

with the substantial reserves the Bank has built up, this has long been outmoded. It is many years since I first stated my connection with the Bank and I have very pleasant recollections of my dealings with that well-known figure, Mr. E. G. Hillier, in Peking, in 1905. I have moved a good deal more slowly in those days and a visit at that time to the Bank in Peking was much more of a social call than it can ever be in the very different circumstances of today. Still I am glad to say that we do not seem to have lost the personal touch. Despite the great changes which have occurred in the world since then the Bank has continued to prosper, which says much for the skill with which its affairs have been conducted, and the Balance Sheet now before you gives evidence of the growing strength.

I understand, Sir, that you will be leaving Hongkong very shortly, and I should like to wish you, on behalf of the shareholders, a long and happy retirement. You have connection with the Bank has been a

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CHINA MAIL

Page 12 FRIDAY, MARCH 14, 1958.

SHEAFFER'S
"SNORKEL" PEN
ADMIRAL

MPs Plea For HK Dockyard Workers

Naturalisation Granted

The Government Gazette today announced that the following have been granted certificates of naturalisation:

Miss Lee Yu-yee, known as Therese Shuk Wai-han, student, 10 Belfair Road; Mr. Chow Hor-shing, known as Ah Wan, chief steward, 22 Hennessy Road; Mr. Chen Kai-mow, company manager, 41 Chatham Road, ground floor; Miss Ka Lai-yu, known as Lan Ying-ping, film actress, 28 Pret Avenue, ground floor; Dr. Ong Hui-ling, medical practitioner, 9 Dianthus Road, 1st floor; Mr. To-ming Chan, herbalist, 82 Johnston Road, 1st floor; Mr. Lee Shing, architectural draughtsman, 140 Jaffe Road, 3rd floor; Miss Lee Wai-ling, known as Winnie Lee, known as Lee Wing-mei student, 79 Granville Road, 3rd floor; Mr. Tang Hsiang-chien, company director, 3 Yun Ping Road, 3rd floor; Mr. Wong Yu-wing, company manager, 69 Village Road, 3rd floor; Mr. Lee Yun-chai, known as Benjamin C. Lee, hotel manager, 6 Shan Kwong Road, 3rd floor; Mr. Yang Tok-ming, known as Yeung Liong, merchant, 24 Chai Chee Road, 2nd floor; Miss Huang Ying-yu, known as Esther Huang, doctor of medicine, Lady Ho Tung Hall, University of Hongkong.

Man Injured

A man, aged 24, sustained serious injuries when he fell from a private van near the Aberdeen Trade School at about 1.40 p.m. yesterday.

The man, Lam Sai, of 141 King's Road is receiving treatment in Queen Mary Hospital.

Mr. R. J. Hardy has been appointed Member of the Board of Examiners as from March 10, according to the Government Gazette published today.

ESSENTIAL THAT THEY ARE NOT THROWN ONTO SCRAP HEAP

Labour Members of Parliament made a plea in the House of Commons tonight for the workers who will lose their jobs by the closure of the dockyard at Hongkong.

DOCKYARD REPORT

London, Mar. 13.

Mr. Alan Lennox-Boyd, the Colonial Secretary, today gave the House of Commons details of the disturbance in the Hongkong Naval Dockyard on March 1 when police were called in to restore order.

A Labour Member Mr. Stephen Davies, had asked why the police "turned with Thompson sub-machine guns, tear gas bombs and other arms" were ordered into the Dockyard.

Mr. Lennox-Boyd said: "After discharge notices had been given to 12 employees in the Dockyard, a group of workers forced their way into the room of a civilian officer and demanded that the notices be torn up."

"A large crowd surrounded the office outside. The officer refused and was detained in a threatening manner."

"When the crowd persistently ignored requests to disperse, the dockyard authorities asked for police assistance. This was given and order was restored without the use of force."

"The police carried no Thompson sub-machine guns or other automatic weapons," Reuters.

Mr. W. J. Wards, a former Labour Civil Lord of the Admiralty, raised the subject in the debate on the Royal Naval Dockyards.

"He said 5,000 workers in the docks at Hongkong would eventually lose their jobs. It was essential that they should not be thrown on the 'scrap heap'."

They had done a good job for the Admiralty.

Nothing could be worse for colonial relations if it should be thought abroad that the workers would not have the consideration due to them," he said.

Alternative

Mr. Edwards asked whether the Admiralty had considered alternative work for them in the island.

As to the dockyard itself, was it intended gradually to evacuate and leave it to rot? Had the Admiralty any ideas for another use that might give employment for those made redundant by this closure?

A Conservative, Admiral Hughes Hallett, said it would be a sign of some mismanagement if the facilities at Hongkong did not pass into civilian control and immediate use when the Navy had finished with them.

"It is difficult to understand why this dockyard does not become available to some civilian concern if the Navy is finished with it."

Mr. Tom Steele, one of Labour's chief spokesmen on Naval affairs, supported the plea for sympathetic treatment of the workers.

"As far as I can understand, the Admiralty at Hongkong are not being as generous as other employers in Hongkong who have found themselves in the same position," he said.

The Trade Unions thought something more should be done. He asked what the terms were under which employment was being discontinued. What scheme had the Admiralty thought up for dealing with redundancy?

Were they in fact doing something similar for the workers at Hongkong Dockyards to what was being done for Naval dock workers in Britain?

Mr. Thomas Galbraith, Civil Lord of the Admiralty, replied that compensation terms were two weeks' pay for every year of service. A man could qualify after one year's service.

Associated

Mr. Galbraith said the Colonial Government was associated with the Admiralty in this matter and a local committee had been set up to try and find jobs.

"The information I have is that they have so far done quite well," he said.

Mr. Galbraith said it was not possible to use the Hongkong Dockyard as a whole unit. There was still going to be a small Naval base there and for reasons of town planning the local council wanted to use that area for non-industrial purposes.

The Admiralty was giving gratuities in accordance with what it understood to be good employer terms. It would allow anyone to leave his job earlier than the usual term of notice if they had other jobs to go to and it was trying to find jobs for those who would be made redundant.—Reuters.

SIDE GLANCES By Galbraith



Intelligence Man Found Floating In Tokyo Bay

Tokyo, Mar. 14.

The body of a 39-year-old US Army intelligence agent, missing since February 4, has been found floating in Tokyo Bay, the Army said today.

The Army called it a possible murder case.

A military spokesman said the body, fished out of the bay by a Japanese policeman on Wednesday, had been tentatively identified as that of a Master-Sergeant attached to the Intelligence Support Centre at Camp Zama near Tokyo. The Centre coordinates all US Army intelligence work in Japan.

The name of the victim was not immediately released.

The Army spokesman said a preliminary autopsy indicated the man was dead before he entered the water. There were bruises on the body and head, he said, but there were not believed serious enough to have caused death.

RED ACTIVITIES

Newspaper quoted the police as saying the Sergeant was investigating Communist activities in Japan at the time of his disappearance, but the Army declined to confirm this.

"There is no definite knowledge that he was engaged in cloak and dagger work at the time of death," it said.

Japanese police, who were co-operating in the investigation, told the United Press there was suspicion of murder. The victim was dressed in civilian clothes and his wallet was missing raising the possibility that he was killed in a robbery.

The Army said the soldier's wife had left Japan for the United States two days ago and said attempts were being made to reach her.—United Press.

SUSPECTS ARRESTED

Three suspects, including a 15-year-old Chinese boy, have been detained by the Police for petty thefts. The offences include the snatching of a jade bangle from a baby in Canton Road, near Nelson Street, yesterday, the snatching of a wallet from a European woman in Chater Road and the theft of a fountain pen from a Chinese near the Marine Department in Connaught Road.

In another street theft yesterday, a Chinese woman had a sum of money stolen from her in Nam Kok Road.

Sale Of Land

Crown land of about 20,000 square feet at the south of King's Road, restricted for residential purposes only, is to be sold by public auction on Monday, March 24, at 3 p.m. at the Crown Land and Surveys Office, Lower Albert Road.

The upset price is \$140,000, and the building covenant is \$750,000 in 30 months. The lease term is 75 years with the option of renewal for one further term of 75 years at a re-assessed rent.

The lot is known as Inland Lot 7562, and is located near Q.B.I.L. 5.

Exhibition

An exhibition of Chinese painting by Professor Chang Dai-chieh, the most brilliant champion, and exponent of Chinese contemporary art, opens today at East Arts Company, 80 Nathan Road Rear Portion, Kowloon.

Professor Chang became a well-known versatile painter in his early years and his works have been widely displayed throughout the world.

Urban Council

The Hon. C. G. M. Morrison has been appointed Chairman of the Urban Council and an Official Member of the Legislative Council, vice Mr. D. R. Holmes, according to the Government Gazette today. The appointment is to take effect as from March 10.

Philippine Consul

The Queen's Exequatur empowering Mr. Jose Fornier to act as Consul for the Philippines at Hongkong has received Her Majesty's signature. It was notified in the Government Gazette.

Government Tenders

The Government Gazette today published the following particulars of tenders:

Kai Tak development: airport lighting.—General Electric Co. of England, \$2,621,655.79.

Ngau Tau Kok service reservoir.—Union Construction Co., \$1,584,325.

Construction of new Tuen Wan divisional police station and officers' married quarters.—Cheong Hing Co., \$1,095,023.

Purchase of old locomotives, spare boilers, old wagons and surplus serviceable and unserviceable stores.—Seven contractors, total of \$383,603.

Filing to nurses' and sisters' quarters and nursing school, New Kowloon Hospital.—The Hongkong Engineering and Construction Co., \$390,560.

Drainage works for Tuen Wan housing scheme: Hongkong Housing Society.—Chi Fook Construction Co., \$199,948.

Site formation for radio equipment at Mount Kellett.—Ajax Engineering and Construction Co., \$171,988.

Construction of offices and quarters for Co-operative and Marketing Department, Castle Peak and Tai-po.—Hein Cheng and Co., \$74,011.10 and \$60,932.00 respectively.

Site formation for a primary school at Cheung Hong Street, Hongkong.—Hung Yue and Co., \$77,154.20.

Demolition and removal of Nissen huts at Kai Tak airport.—Union Construction Co., \$6,500 (payable to Government).

Exemptions

The Government Gazette today announced that the following premises have been excluded from the further application of the Landlord and Tenant Ordinance, subject to the stated conditions: Nos. 250 and 252, Sai Yung Choi Street; Nos. 7 and 9, Queen's Road East; and Nos. 8 and 10, Wing Fung Street West; No. 90 Electric Street; Nos. 196 and 198, Shanghai Street; Nos. 193 and 200, Sai Yung Choi Street; Nos. 1 to 11 (odd numbers only), Lee Tung Street; Nos. 66, 68 and 69, Johnston Road.

INCREASED DUTIES WOULD AFFECT HONGKONG

Ottawa, Mar. 13.

The Tariff Board was warned today that an increase in duties on imported rubber footwear could be reflected in a cut of Canadian purchases abroad.

Briefs from the United Kingdom, Hongkong and India noted that Canada sells more to those countries than she buys from them.

The two other countries exporting rubber footwear to Canada—Czechoslovakia and Japan—were not represented at the Board hearing on the industry which concluded today.

Threatened

The Canadian industry, consisting of six firms employing over 5,000 workers, claims the home market is threatened by imports from low-wage countries. The industry wants the board to impose a minimum duty, leaving the present tariff rates practically unchanged.

Such changes would make some foreign shoes sell for a higher price than the comparable Canadian product.

A brief from the Hongkong Rubber Manufacturers Association also emphasised the amount of raw materials purchased from Canada.

If the proposed changes are made in the rules, the brief said, "it will be due to the result of prejudice against Hongkong rubber products and will cause a hard blow on such imports to Canada."

"The result will certainly have a bad influence on the mutual trade between Canada and Hongkong," it said.

Unfairly

The brief said Hongkong manufacturers were treated unfairly, being granted most favoured nation tariff rates while India falls under the lighter British preferential category.

The Canadian industry's brief, presented at yesterday's opening session, claimed the industry was facing "extinction" unless imports are restricted.

Although controlling over 80 per cent of the home market, the industry claims foreign penetration is increasing.—United Press.

Company Dissolved

The name of The Shanghai Pharmacy Ltd. has been struck off the register and the company dissolved. It was notified in the Government Gazette today.

Urban Services

Mr. C. G. M. Morrison, Cadet Officer, Staff Grade, appointed Director of Urban Services on March 10, vice Mr. K. Keen who is proceeding on leave prior to retirement.

Education

Miss Jean Baker to be a Sub-Inspector of Schools.

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